

REPORT

The Millowners' Association, Bombay.

Report for the Year 1948.

(Established 1st February 1875.)

**PRESENTED TO THE ANNUAL GENERAL MEETING
HELD ON WEDNESDAY, 13th APRIL 1949.**

Bombay.

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1949.

THE MILLOWNERS' ASSOCIATION, BOMBAY.

REPORT FOR THE YEAR 1948

LIST OF CONTENTS.

	PAGES.
SECTION I. Proceedings of the Annual General Meeting held on 13th April 1949	i—xii
SECTION II. Foreword- Abstracts of subjects dealt with by the Committee during the year- Accounts of the Association for the year ending 31st December 1948	1—122
SECTION III. Correspondence	123—397
SECTION IV. Financial Statement of the Government of India for the year 1949-50	399—415
SECTION V. Statistics	417—459
SECTION VI. Rules and Regulations of the Association, etc. ..	i—xvii

INDEX.

	PAGES
Accounts of the Association	120
Accountancy Profession—Control of	111
Accountancy Profession—Chartered Accountants' Bill	112
Adult Education Committee—Association's Representative	13
Agricultural Research—Indian Council—Association's Representative	16
All-India Board of Technical Studies in Textile Technology—Association's Representative	16, 129
American Cotton—Fumigation	28
Anti-inflationary measures—Government of India	57
Association's Representatives on :—	
(a) All India Board of Technical Studies in Textile Technology	16, 129
(b) Adult Education Committee	13
(c) Back Bay Reclamation Scheme—Standing Advisory Committee	12
(d) Bombay Municipal Corporation	12
(e) Elphinstone Technical High School	12
(f) G. I. P. Railway Local Advisory Committee	12
(g) Indian Central Cotton Committee	12
(h) Indian Central Technological Research Sub-Committee	12
(i) Indian Council of Agricultural Research	16
(j) Indian Standards Institution—General Council	15
(k) Rail Transport—Regional Advisory Committee	13
(l) Sydenham College of Commerce and Economics—Advisory Board	13
(m) Textile Trade Marks Advisory Committee	13
Auditors	18
 Back Bay Reclamation Scheme—Standing Advisory Committee—Association's Representative	12
Bills :—	
(a) Bombay Building (Control of Erection) Act	110
(b) Bombay, Calcutta, and Madras Port Trusts (Constitution) Amendment Bill, 1948	13, 125
(c) Bombay Cotton Control (Repeal and Re-enactment) Act, 1947	24
(d) Bombay Forward Contracts Act, 1947	25
(e) Bombay Housing Boards Bill	90
(f) Bombay Industrial Relations (Amendment) Acts	83, 281
(g) Bombay Land Requisition Act	109
(h) Bombay Sales Tax (Repeal and Re-enactment) Act, 1948	107, 341
(i) Bombay Shops and Establishments Act, 1939 & 1948	91, 295
(j) Chartered Accountants Bill	112
(k) City of Bombay Municipal (Amendment) Act	21
(l) Cotton Textiles Cess Bill, 1948	64, 227
(m) Employees' State Insurance Act	79
(n) Essential Supplies (Temporary Powers) Amendment Act	70
(o) Factories Act, 1948	77, 264
(p) Government of India (Amendment) Act, 1949	82, 279
(q) Indian Cotton Cess (Amendment) Bill	27
(r) Income-tax and Business Profits Tax Amendment Bill	101, 308
(s) Indian Tariff Amendment Act	95
(t) Mahatma Gandhi National Memorial Fund Donation (Companies) Act, 1948	19
(u) Minimum Wages Act, 1948	82
(v) Provident Fund for Industrial Workers—Bill to Provide for	81, 276
(w) Taxation on Income (Investigation Commission) Amendment Bill	101
Bombay Building (Control of Erection) Act	110
Bombay, Calcutta and Madras Port Trust (Constitution) Amendment Bill	13, 125
Bombay City Adult Education Association's Representative	13
Bombay Cotton Control (Repeal and Enactment) Act	24

	Page
Bombay Forward Contracts Act, 1947	25
Bombay Housing Boards Bill	90
Bombay Industrial Relations Act	83, 281
Bombay Industrial Relations Act—Conciliation Proceedings—Time Limit	84
Bombay Industrial Relations Act—Model Standing Orders for Operatives and Clerks	84
Bombay Industrial Relations Act—Bombay Industrial Relations Rules—Amendment	84, 283
Bombay Industrial Relations Act—Bombay Industrial Relations (Amendment) Bill	85
Bombay Industrial Relations Act—Constitution of Joint Committees	86, 285
Bombay Industrial Relations (Second Amendment) Bill	88
Bombay Land Requisition Act—Exemption of Mill Claws	109, 342
Bombay Land Requisition (Exemption) Rules	110
Bombay Municipal Act—Amendment of	21
Bombay Municipal Corporation—Association's Representative	12
Bombay Sales Tax (Repeal and Re-enactment) Act, 1948	107, 341
Bombay Sales Tax—Amendment of Sales Tax Rules—1946	108
Bombay Sales Tax Tribunal Regulations, 1948	108
Bombay Sales Tax—Sales Tax Advisory Committee	109
Bombay Shops and Establishments (Amendment) Act, 1939 & 1948	91-92, 295
Bombay Trade Unions (Recognition) Regulations—Draft	90, 293
Bonus for Cotton Mill Workers for 1948	40, 172
Business Profits Tax (Amendment) Bill	101
Central Advisory Council—Establishment of	51
Central Advisory Council of Industries	55
Chairman—Election of	12
Chartered Accountants Bill	112
City Civil Court—Establishment of Additional	110
Cloth Rationing in Bombay	73
Cloth—Reduction in Export Duty	60, 222
Cloth, Superfine—Excise Duty on	61, 223
Cloth and Yarn—Export—Price Control	72
Committee—Election of	12
Cottage Industries Board—Constitution of	55
Cotton—	
(a) American Cottons—Fumigation	28
(b) Bombay Cotton Contract (Repeal and Re-enactment) Act, 1947	24
(c) Bulk Purchase of East African and Sudan Cotton	29
(d) Export Duty on Egyptian Cotton	28
(e) Import Duty on Cotton from Pakistan	30, 138
(f) Import of Foreign Cotton	28
(g) Raw Cotton Stocks	115
(h) Re-imposition of Control on Cotton Prices	26, 136
Cotton Mission to Egypt	28
Cotton Textiles Cess Bill, 1948	64, 227
Cotton Textile Control—Textile Advisory Committee	62, 227
Cotton Textile Control—Committee To Advise Textile Commissioner	63
Cotton Textile Control—Cotton Textile Control Order—Amendment	64
Cotton Textile Control—Cotton Textiles Cess Bill—Levy of Cess on Cloth and Yarn	64
Cotton Textile Control—Distribution of Cloth and Yarn by Member Mills	64
Cotton Textile Control—Decontrol of Cloth and Yarn	65
Cotton Textile Control—Tariff Board's Enquiry into the Level of Prices of Cloth and Yarn	66, 229
Cotton Textile Control—Reimposition of Control on Cloth and Yarn	67
Cotton Textile Control—Repeal and Re-enactment of Cotton Textile Control Order	69, 234
Cotton Textile Control—Control over Production of Mill-made Cloth	69
Cotton Textiles (Control of Movement) Order	112
Cotton Textiles Fund—Establishment of Textile Research Institute	94, 298
Cotton Textiles Fund Rules	95
Cotton Textile Production (Control) Committee	69, 243

	Page
Cotton Yarn—Abolition of Import Duty	59
Cotton Yarn and Thread Marking Rules	100, 306
Dearness Allowance for Bombay Cotton Mill Workers—Award	39, 170
Dearness Allowance Paid during 1948	40
Decasualisation of Textile Labour—Employment Exchange	41
Decontrol of Cloth and Yarn	66
Deputy Chairman—Election of	12
Dividends—Limitation—Public Companies Ordinance	59, 217
Donations	18
East African Cotton—Bulk Purchase of	29
East India Cotton Association Ltd	
(a) Recognition and Bye-laws under the Bombay Forward Contracts Act	25
(b) Appointment of Paid Surveyors	26
(c) Revision of Hedge Contract	25, 133
Economic Programme Committee of the All-India Congress Committee—Report	14
Egypt—Cotton Mission to—from India	28
Egyptian Cotton—Export Duty	28
Electricity Rules—Proposed Revision	23, 131
Elphinstone Technical High School—Advisory Board—Association's Representative	12
Employees State Insurance Act, 1948	79
Employment Exchange—Decasualisation of Textile Labour	41
Enforcement Scheme—Textile Control	70, 260
Essential Supplies (Temporary Powers) (Amendment) Act, 1948	70
Excess Profits Tax Refundable and E.P.T. Deposits—Postponement of Repayment	58
Excise Duty on Superfine Cloth	61, 223
Export Duty on Egyptian Cotton	28
Export Duty on Cloth—Reduction	60, 222
Export of Cloth and Yarn—Control of Prices	72
Factories Act, 1948	77, 264
Factories (Canteens) Rules, 1948	79, 272
Fair Price Shops for Sale of Cloth	67
Fair Wages for Industrial Labour—Proposed Fixation	54, 210
Foreign Cotton—Import of	28
Fumigation of American Cotton	28
Furnace Oil—Price of	24
Gandhi, Mahatma—Death of	19
G. I. P. Railway Advisory Committee—Association's Representative	12
Government Contractors (Disposal of Cotton Textiles, Unused Materials and Rejected Stores) Order	113
Government of India (Amendment) Act, 1949	82, 279
Hedge Contract—Revision of	25, 133
Holidays and Pay Days, 1949	118
Holidays for Elections for Bombay Municipal Corporation	117
Holiday—Mahatma Gandhi's Ash Immersion Day	117
Holiday—May Day	117
Import Advisory Council	114
Import Duty on Plant and Machinery—Reduction of	59, 216
Import Duty on Cotton Yarn—Abolition of	59, 216
Import Duty on Cotton from Pakistan	30
Import Duty on Nickel and Nickel Alloys	96, 301
Income-tax :—	
(a) Assessment of Non-Indian Associations	106
(b) Donations to Mahatma Gandhi Memorial Fund—Exemption from	19
(c) Income-tax and Business Profits Tax (Amendment) Bill	101, 308

	PAGES:
(d) Income-tax Law—Enquiry of the Indian Income-tax Investigation Commission	103, 314
(e) Indian Income-tax (Amendment) Ordinance, 1948	60, 220
(f) Indian Income-tax Rules—Re-depreciation	104, 334
(g) Independence Day Bonus—Allowance as Expenditure in Income-tax and Excess Profits Tax Assessments	106
(h) Taxation on Income (Investigation Commission) Amendment Bill	101
Independence Day Bonus—Allowance of Expenditure in I T & E P T Assessment	106
Indian Central Cotton Committee—Association's Representative	12
Indian Central Cotton Committee—Technological Research Sub-Committee—Association's Representative	12
Indian Cotton Cess (Amendment) Bill, 1948	27,
Indian Council of Agricultural Research—Association's Representative	16
Indian Electricity Rules—Proposed Revision	23, 131
Indian Labour Conference—Ninth	42
Indian Merchandise Marks (Amendment) Act	99, 305
Indian Patents and Designs Act—Appointment of Enquiry Committee	98, 302
Indian Standards Institution—General Council—Association's Representative	15
Indian States and Unions of States—Enquiry into Finance	105, 339
Indian Tariff Board—Protection to Wire Healds Industry	96
Indian Tariff Board—Protection to Pickers Industry	97
Indian Tariff Amendment Act, 1948	95
Indian Trade Mission to Japan	20
Indo-Pakistan Agreement for Mutual Supply of Essential Commodities	31, 140
Industrial Conditions Enquiry Committee	44
Industrial Court	
(a) Wages of Warpers—Standardisation of—Award	37
(b) Conditions of Service of Clerks in Bombay Mills—Award	38, 151
Industrial Disputes (Bombay) Rules	89, 289
Industrial Policy—Government of Bombay	73
Industrial Policy—Government of India	47
International Labour Conference 1948	43
International Labour Organisation—Second Session of the Textiles Committee	42
Japanese Trade Mission—Meeting with	20
Japan—Indian Trade Mission to	20
Joint Committees in Industrial Undertakings	86
Labour Conference—Ninth—Indian	42
Licensing of Export and Import Business Houses	113, 344
Mahatma Gandhi—Death of	19
Mahatma Gandhi Memorial Fund Donations (Companies) Act, 1948	19
Mahatma Gandhi Memorial Fund—Contributions by Members of the Association	20,
May Day—Mill Holiday	117
Meeting with	
(a) Hon'ble Dr. Syama Prasad Mookerjee, Minister for Industry and Supply	20
(b) Chief Commissioner and Financial Commissioner of Railways	20
(c) Japanese Trade Mission	20
Membership of the Association	17
Membership Subscription	113
Mill Chawls—Exemption from Bombay Land Requisition Act	109, 342
Mill Clerks Conditions of Service, etc—Award by Industrial Court	38, 151
Mill Holidays and Pay Days	118,
Minimum Wages Act, 1948	82
Model Standing Orders for Operatives and Clerks	84
Nickel and Nickel Alloys—Revision of Import Duty	96, 301
Non-Indian Associations—Assessment of	105

	PAGES
Pakistan—Import Duty on Cotton from	30
Pakistan-Indo Agreement for Mutual Supply of Essential Commodities	31, 140
Patents and Designs Act—Indian—Patents Enquiry	98, 302
Piecegoods Market Reports	116
Pickers Industry—Protection to	97
Pickers Industry—Report of the Committee appointed by Government	190
Port Trust, Bombay, Calcutta and Madras (Constitution) Amendment Bill—Association's Representation	13, 125
Profit-Sharing in Industry	52, 182
Provident Fund for Industrial Workers	81, 275
Production—Concession to Stimulate	59
Production of Mill-made Cloth—Control of	69
Public Companies (Limitation of Dividends) Ordinance, 1948	59, 217
Rail Transport—Regional Advisory Committee—Association's Representative	13
Rationing of Cloth in Bombay	73
Raw Cotton Stocks	116
Research Institutes—Establishment of—Cotton Textiles Fund	94, 295
Saklatvala—Sir Sorab—Death of	18
Sales Tax—Bombay (Repeal and Re-enactment) Act	107
Spindles—Fine—Allocation of	113
Spindle and Loom Hours Lost and Loss of Production, 1948	115
Standardisation Committee for Wages	35
Standing Orders for Operatives and Clerks—Model	84
Sudan Cotton—Bulk purchase of	29
Superfine Cloth—Excise Duty on	61
Surveyors—Appointment of—by the East India Cotton Association Ltd	26
Sydenham College of Commerce and Economics—Association's Representative	13
Tariff Board—Indian	62
Tariff Board—Government's Short Term Policy in respect of Industries	56
Tariff Board—Enquiry into level of prices of Cloth and Yarn manufactured in India	66, 229
Tariff Valuations under the Indian Tariff Act	119
Technical and Supervisory Staff—Grades of Pay and Conditions	38, 149
Technical Studies in Textile Technology—All India Board—Association's Representative	16, 129
Technological Research Sub-Committee—Association's Representative	12
Textile Clerks—Conditions of Service, etc.—Award by Industrial Court	38, 151
Textile Control Enforcement Scheme	70, 260
Textile Processing Industry—Constitution of Works Committees	87, 287
Textile Trade Marks Advisory Committee—Association's Representative	12
Trade Mission to Japan—Indian	20
Trade Marks—Registration of—Reciprocity between Indian Union and Pakistan	100, 307
Trade Unions (Recognition) Regulations—Bombay Draft	90, 293
Transfer of Property (India) Ordinance, 1948	106
Tribunal to Enquire into Breaches of Industrial Truce	34
Wages Board for the Cotton Textile Industry	36
Wages Board Rules	36, 146
Wages—Fair—Proposed fixation for Industrial Labour	54, 210
Wages in Bombay Cotton Mills	35
Warpers—Wage Rates—Standardisation of—Industrial Court's Award	37
Wire Healds Mfg. Industry—Protection to	96
Works Committees in Textile Processing Industry under the Industrial Disputes Act	87, 287

General Fund :—MR. KRISHNARAJ M. D. THACKERSEY and MR. DHARAMSEY MURAJ KHATAU
Provident Fund :—MR. KRISHNARAJ M. D. THACKERSEY and MR. DHARAMSEY MURAJ KHATAU

CHAIRMEN AND SECRETARIES OF THE MILLOWNERS' ASSOCIATION, BOMBAY

Chairmen

H. MAXWELL, 1875, 1876-77, 1877-78
J. A. FORBES, 1878-79.
SIR DINSHAW MANEKJI PETIT, 1879-80, 1880-81, 1881-82, 1882-83, 1883-84, 1884-85, 1886-87, 1888-89, 1889-90, 1891, 1892
SIR GEORGE COTTON, 1893, 1894, 1895, 1896, 1897, 1898, 1899*, 1900*.
JOHN R. GREAVES, 1899*, 1900*, 1901, 1902.
ROMANJEE DINSHAW PETIT, 1903.
SIR SASSOON J. DAVID, 1904, 1905
SIR VITHALDAS DAMODHAR THACKERSEY, 1906, 1907.
SIR FAZULBHOY CURRIMBHOY, 1908
SIR MANMOHANDAS RAMJEE, 1909
HERBERT R. GREAVES, 1910.
SIR NESS WADIA, 1911
SIR DINSHAW M. PETIT, 1912
J. F. BRADBURY, 1913
NAROTTAM MORARJEE, 1914
JEHANGIR B. PETIT, 1915.
SIR NOWROJI SAKLATVALA, 1916
SIR DINSHAW E. WACHA, 1917.
SIR CUSROW WADIA, 1918.
N. G. HUNT, 1919.
RAHIMTOOLA CURRIMBHOY, 1920.
SIR JOSEPH KAY, 1921, 1922.
SIR VICTOR SASSOON, 1923
SIR SOBAB SAKLATVALA, 1924
SIR NESS WADIA, 1925
A. GEDDIS, 1926
SIR HOMI MODY, 1927
J. B. PETIT, 1928.
SIR HOMI MODY, 1929, 1930, 1931, 1932, 1933, 1934.
SIR JOSEPH KAY, 1935
SIR VITHAL CHANDAVARKAR, 1936.
DHARAMSEY MULRAJ KHATAU, 1937
T. V. BADDELEY, 1938*.
KRISHNARAJ MADHAVJI D. THACKERSEY, 1938*
T. V. BADDELEY, 1939.
SIR VITHAL CHANDAVARKAR, 1940, 1941.
KRISHNARAJ MADHAVJI D. THACKERSEY, 1942.
SIR VITHAL CHANDAVARKAR, KT., M.L.A., 1943, 1944, 1945.
DHARAMSEY MULRAJ KHATAU, 1946.
BHAGWANDAS C. MEHTA, M.L.A. 1947.
SIR VITHAL CHANDAVARKAR, KT. 1948, 1949

Secretaries

JOHN GORDON, 1875-84
DAVID WATSON (Acting), 1881-82.
JOHN MARSHALL, 1884-98.
FREDERICK NOEL-PATON, 1898-1905.
J. B. LESLIE-ROGERS, 1905-11
R. E. GREGOR-PEARSE, 1912-20.
C. B. SAYER, 1921-24.
T. MALONEY, 1924-41.*
N. S. V. AIYER, appointed in 1941.

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Millowners' Association. Bombay.

Section I.

PROCEEDINGS OF THE ANNUAL GENERAL MEETING
HELD ON THE 13th APRIL 1949.

The Millowners' Association, Bombay.

ANNUAL GENERAL MEETING.

PROCEEDINGS of the ANNUAL GENERAL MEETING of the MEMBERS of the MILLOWNERS' ASSOCIATION, BOMBAY, held in the rooms of the Association (Second Floor, Elphinstone Building, Churchgate Street, Fort, Bombay), on Wednesday, the 13th April 1949, at 11-15 a.m. (S.T.), to transact the following business :-

- (1) To receive and adopt the Committee's Report and the Statement of Accounts for the year 1948 ;
- (2) To appoint Auditors of the Association's Accounts for the current year and to fix their remuneration ,

and any other business that may be brought forward

SIR VITHAL CHANDAVARKAR, Chairman of the Association, presided

The following gentlemen were also present .—

Mr D N Kowshik (Director of Industries), Mr R K Tandon (Deputy Chief Controller of Imports) ; Mr Neville N Wadia representing the Bombay Dyeing and Manufacturing Co., Ltd, Mr T V Baddeley, C B E representing the Ahmedabad Advance Mills Ltd., the Central India Spinning, Weaving and Manufacturing Co., Ltd., the Svareshu Mills Co., Ltd., and the Tata Mills Ltd. Mr Dharamsey Mulraj Khatau representing the Khatau Makanji Spinning and Weaving Co., Ltd., Sir Joseph Kay, K.B.E. and Mr F. Edwards representing the New City of Bombay Manufacturing Co., Ltd and the New Great Eastern Spinning and Weaving Co., Ltd. ; Mr. A. Pether representing the New Union Mills Ltd., the Sassoon and Alliance Silk Mills Co., Ltd. and the Sassoon Spinning and Weaving Co., Ltd ; Mr. J. C Burns and Mr C. H. Campbell representing the Finlay Mills Ltd., the Gold Mohur Mills Ltd, the Shri Shahu Chhatrapati Spinning and Weaving Mills, and the Swan Mills Ltd., Mr. G. D. Somani representing the Shree Niwas Cotton Mills Ltd. ; Mr J. C Lancashire representing the Gokak Mills Ltd and the Simplex Mills Co., Ltd. ; Mr. A. L. Hutson representing the Lakshmi Cotton Manufacturing Co., Ltd. and the Vishnu Cotton Mill Ltd. ; Mr Ramnath A. Podar, M.L.A., representing the Jaipur Spinning and Weaving Co., Ltd. and the Podar Mills Ltd. ; Mr. Prahlad C. Mehta representing the Century Spinning and Manufacturing Co., Ltd., Mr. M. L. Tapuriah representing the Kamala Mills Ltd., Mr. S. P. Jain representing the Madhowji Dharamsi Manufacturing Co., Ltd. and the Sir Shapurji Broacha Mills Ltd. ; Mr. H. F. Milne, Mr E. D. Sheppard and Mr. E. C. B. Gilman representing the Kohinoor Mills Co., Ltd., Mr. R. D. Bagla representing the India United Mills Ltd. ; Mr. V. D. Sirur representing the Minerva Mills Ltd., the Modern Mills Ltd. and the Mysore Spinning and Manufacturing Co., Ltd. Mr Ebrahim Hashim representing the Ahmed Woollen Mills, Mr. J. B. Arwade representing the Barsi Spinning and Weaving Mills Ltd. ; Mr. K. D. Kapadia representing the Bharat Spinning and Weaving Co., Ltd. ; Mr. Dara H. Kooka representing the Chhoi Silk Mill Co., Ltd. ; Mr. Sankalehand G. Shah representing the Colaba Land and Mill Co., Ltd. ; Mr. N. M. Bhagalia representing the Coorla Spinning and Weaving Co., Ltd., Mr. Hariram Bubna representing the Edward Textiles Ltd. ; Mr. Shivkumar Bhuwarka representing the Hind Mills Ltd. ; Mr. Damodar Gordhandas representing the Digvijay Spinning and Weaving Co., Ltd., Mr. Vandrayan Purshotam representing the Jam Manufacturing Co., Ltd. ; Mr R. B. Sulakhe representing the Lokamanya Mills Barsi Ltd. ; Dewan Dina Nath representing the Madhusudan Mills Ltd. ; Mr Kundanlal Mohla representing the Mewar Textile Mills Ltd. ; Mr S. D. Deorah representing the Moon Mills Ltd. ; Mr. Maganlal Motilal representing the New Pratap Spinning, Weaving and Manufacturing Co., Ltd. ; Mr Cawasji Cursetji Dalal representing the Khandeish Spinning

and Weaving Mills Co., Ltd.; Mr. S. J. Bose representing the Prabha Mills; Mr. I. B. Palit representing the Prakash Cotton Mills Ltd.; Mr. Ramnath Shrivastava representing the Raja Bahadur Motilal Poona Mills Ltd.; Mr. K. F. Ruia representing the Savatram Ramprasad Mills Co., Ltd.; Mr. J. N. Mody, Mr. N. S. V. Aiyer (*Secretary*); and Mr. R. G. Gokhale (*Labour Officer*).

The notice convening the meeting having been read by the Secretary, the CHAIRMAN said :—

GENTLEMEN,

In rising to propose the adoption of the Committee's Report for the year 1948, I shall, as briefly as I can, refer to some of the outstanding events of the year.

The year has closed with a justifiable feeling that the worst is over, and that, from now on, humanity at large may expect to gravitate back to normality within a reasonable measure of time. Economic trends world-over encourage this hope. Production definitely is on the upward tendency, and prices at the end of 1948 showed a downward trend. Political peace, which is so indispensable for the promotion of economic recovery, prevailed throughout the world except, as we know, in danger spots like Germany, Palestine, Burma, China and Indonesia, but I do hope that these troubles will be settled to the satisfaction of all concerned without provoking a world conflict.

In common with the rest of the world, there was a noticeable improvement in economic conditions in India in the year 1948 as compared with the preceding year. The estimated output of wheat, coarse grains in general, and grams was better among food-grains, but the position of rice was worse. Among the commercial crops, production of cotton, linseed, castorseed, sesame and jute were better in varying degrees, while groundnut was lower, and sugar production was markedly better. Among plantation crops, tea produced an all-time record, but coffee production was slightly lower than the previous season, rubber production continuing more or less stagnant. In spite of the improvement in foodgrains production, India continues to be a large-scale importer of foodgrains to meet her requirements.

Turning to industrial production in India, there was a sharp rise in cloth production which stood at 4,319 million yards as compared with 3,837 million yards in the preceding year. Production of jute was 1.05 million tons as compared with 1.01 million tons in 1947 and 0.96 million tons in 1946. Coal production amounted to 29.9 million tons as compared with 30 million tons in the previous year. Steel output, however, continued to remain below requirements of the country, the reduced output being due to labour unrest and transport difficulties. Sugar production in 1948 was computed at 1.07 million tons as compared with 0.9 million tons in the previous year. The output of cement in the year 1948 was higher than that of 1947, but it is unfortunate that, though the productive capacity of cement in existing factories is computed at 2.24 million tons, actual production was only in the neighbourhood of 1.5 million tons. The shortage of paper continues due to the inability of paper mills to step up production because of difficulty in getting the raw materials in appreciable quantities. It must be pointed out, however, that the total output of paper in 1948 was 95,000 tons as against 77,000 tons in the previous year. With the various measures which have already been announced by Government for stepping up of industrial output, there is every reason to hope that agricultural and industrial production will be even greater in the year to come.

Turning now to the Textile Industry of India, the output in the year 1948 amounted to 4,319 million yards of cloth and 1,445 million lbs. of yarn as against 3,837 million yards of cloth and 1,316 million lbs. of yarn in the preceding year. This level of production, we know, had been exceeded in 1944 with 4,850 million yards of cloth and 1,600 million lbs. of yarn. Personally, I have very great doubts as to whether it would be possible for the industry on the basis of the existing spindleage and loomage to reach the high-level mark of production attained in 1944, due, among other reasons, to the reduced hours of work per day now as compared with 1944; difficulty of obtaining raw materials; and regulations and restrictions regarding production.

Profits for the year were generally higher than those earned in the preceding year, due mostly to the removal of the cloth control by the Government of India for a period of three or four months early in the year, contrary to the advice tendered by the Industry's Committee of the Control Board. However, practical politics were of no avail before ideological considerations, and Government succumbed to the pressure of those who thought that all that was necessary was to remove controls. We now know what decontrol meant. The Index Number of Wholesale Prices rose to unprecedented heights between the end of December 1947 and July 1948. Food articles rose from 321 to 391, Indian raw materials from 395 to 450, semi-manufactured articles from 260 to 338, manufactured articles from 284 to 370, miscellaneous articles from 454 to 537; and general index from 314 to 390.

The progressive rise in the Index Number of Wholesale Prices called for immediate action, and Government responded by re-introducing practically every measure of control they had withdrawn. The Industry's Committee of the Textile Control Board, at their meeting held on 14th May 1947, had discussed Government's proposal to decontrol cloth, when the difficulty of maintaining control on a voluntary basis had been fully pointed out to Government. Government were informed in unmistakable terms that, if control was removed, the law of demand and supply would come into operation, making it extremely difficult to maintain prices at reasonable levels. It cannot, therefore, be said that, when Government decided to decontrol cloth in spite of the warnings of the Industry's Committee, they were entirely ignorant of the consequences, but when, as a result of the removal of the control, prices soared up, a scapegoat had to be found, and Government found it in the industry. Ministers and responsible officers of Government went about broadcasting that the industry had let down the country. I make bold to maintain, with all the emphasis I can command, that it was not a case of the industry or the trade letting down the country, but that it was the Government who had let down the people of the country, a circumstance which in any other democratic country would have precipitated a Cabinet crisis.

Coming back to my main theme of control, stocks of yarn and cloth with mills were, as you will remember, frozen by the Textile Commissioner at the end of July with commendable promptness. With police picketing at mill gates, and no cloth being allowed to be taken out except with the permission of the Textile Commissioner, stocks rapidly accumulated in the mills, blocking up all godown accommodation and locking up large capital investment, and Government and the Textile Commissioner were practically helpless as they had no practical and effective plan for distribution. Even to-day that situation continues, no doubt with much less intensity. The Government of India and the Textile Commissioner, bullied by the Provincial Governments, States and the nominees, found it easier to compel the mills to grant all sorts of unwarranted facilities to the latter. We are asked to allow Provincial Government nominees to pick and choose from our production, to give special finish to our goods if necessary; store the goods for them, and rail them to their destination if required. As if these were not enough, if one Provincial Government nominee failed to lift the goods, we are asked to locate another in the same Province, do the needful to secure a licence for him and again grant him all the facilities to enable him to clear the goods. I cannot understand this solicitude on the part of the Government of India and the Textile Commissioner for nominees of the Provincial Governments and the States. If the latter failed to lift the goods from the mills within the stipulated time, it only means that there is little or no demand for cloth, or that the nominee-distributors appointed by the Provincial Governments and States are new-comers to the trade. In my view, it is a combination of both, and no system of distribution will work satisfactorily unless the situation is set right immediately. There should first be no question of picking and choosing, our productive capacity not having kept pace with people's taste and fashion, and Provincial distribution, so far as qualities are concerned, should strictly follow pre-war consumption trend in respect of qualities and quantities in each Province. Selection by distributors result in the cream of our production being taken away by a privileged few, leading to undesirable practices and to undue accumulation of stocks in certain mills. Cloth distribution should rightly be handled by experienced hands. This is the essence of the whole thing. We have been repeatedly told, however, by responsible officers of Government that stocks with the mills consist of "unsaleable cloth" in respect of which mills cannot reasonably expect Government to act as their salesmen. It is this psychology which underlies the Textile Commissioner's proposals for standardisation of production, restrictions in warp, weft, reed, pick, etc., etc., and the subject, therefore

requires a little scrutiny. Every cloth is made in response to a specific trade demand, and no manufacturer would ordinarily like to turn his money into cloth which will not sell. If a cloth which has been regularly made and sold before the control came in, cannot be sold now, then surely the fault lies with our self-appointed salesmen or the nominees or the consumers and, in all probability, the second, as they are only after that type of cloth which yields the maximum commission to them. That apart, has the remedy proposed by the Textile Commissioner worked? No, it has mutilated some of our most reputed and established lines. It has brought some of our bulk lines into disrepute, the industry being unfortunately blamed for the consequences, and the consumer is not probably aware of the fact that the deterioration in quality is, in several cases, not of our own choice, but forced upon the mills by the production programme of the Textile Commissioner, let alone reduction in overall production of cloth. It is not, however, too late to mend matters. Ever since the institution of control in 1943, my colleagues and I in the Industry's Committee of the Control Board have been impressing on Government that, in commodities like food and cloth, no system of control would succeed unless, both in the matter of production and distribution, there was one central controlling authority, and that if Government really wanted control to be effective, provincial autonomy, at least in regard to control of food and cloth, should stand suspended during the continuance of the emergency. My own view has been, and it has been placed informally before Ministers and responsible officers of Government, that the sole monopoly for internal distribution of Indian mill-made cloth should be granted to a Corporation established by Statute in this country in which the Central, Provincial and State Governments, mills, the cloth trade and the consumers would have representation. The Corporation must necessarily have a network of organisations and agencies all over the country with their own godowns etc., with powers to pay for and take delivery of the goods as and when they are manufactured and divert them according to actual requirements. We have the example of the U.K.C.C. which rendered useful service to the Allies during the war, and I appeal to Government to consider in all seriousness the feasibility of establishing such an organisation in this country for dealing with cloth control. Before I leave the subject of control of cloth I must pay a tribute to the Textile Commissioner Mr. Barat for the conscientious manner in which he has discharged his duties. He has shown a sympathetic understanding of our difficulties, and has always made an honest effort to make matters easy for us. To him our sincere thanks are due.

LABOUR IN INDUSTRY.

Labour in the Bombay Cotton Mill Industry was comparatively quiet in the year under review. Strikes and *hartals* together accounted for a loss of 297 million spindle-hours and 6 million loom-hours in 1948 as against 754 million spindle-hours and 20 million loom-hours in the preceding year. In terms of yarn and cloth, strikes and *hartals* were responsible for the loss of 12 million lbs. of yarn and 35 million yards of cloth in 1948 as against 31 million lbs. of yarn and 120 million yards of cloth in the previous year. The Award of the Industrial Court in respect of basic wages and dearness allowance for workers, which had to be given retrospective effect from 1st January 1947, together with the rise in the Bombay Working Class Cost of Living Index Number, resulted in a Bombay cotton mill worker being paid, on the average, Rs. 26 *per month* more in 1948 as compared with 1946, or an additional wage cost to the industry of a little over Rs. 6½ crores, not taking into account the increase granted to clerks and technical staffs of mills. That apart, the Award has resulted in a spate of applications from workers in certain occupations for a review of the rates fixed by the Court in their case on the ground that they have been granted lesser increases than workers in other occupations. In the guise of review, labour apparently wants to rip open the Award, and secure increases over and above the scales laid down in the original Award. If this goes on the Association will have seriously to consider the question of terminating the Award and ask for the introduction of a scheme of wages which will take into account, among other factors, the real work-load involved in each operation. That work-load should not be dissociated from wage fixation, was argued by the Association's representatives before the Assessors appointed by the Industrial Court to frame a Standard List of Wages, but this argument was rejected without any reason being given. But whatever the position, high wages unless accompanied by an increase in *per capita* production, will not only be ruinous to the industry but also prejudicial to the interests of the country at large.

We had compulsory arbitration in respect of basic wages, dearness allowances, bonus, etc., and enormous sums have been paid out of the industry in compliance with the Court's awards. What is the result? General lack of discipline inside the mills, workers indifferent to their job, and the output per operative is definitely less than before. The object which Government had in view when they framed the Bombay Trade Disputes Conciliation Act in 1934 and the Bombay Industrial Disputes Act in 1938, namely, to assist labour in the formation of a strong and healthy trade union in Bombay, has not been achieved, thanks to the machinery of compulsory arbitration which is being very freely resorted to by Government to-day, and which has killed all incentive for collective bargaining between representatives of employers and employees. It is true that the Act provides for conciliation, but it is useless to expect any employer to place all his cards unreservedly on the table in the conciliation proceedings with the sure knowledge that conciliation will be followed by compulsory arbitration, with the arbitrator starting with the offer made by the employer in the course of the conciliation proceedings, as his own starting point and building thereon. In fact, I have come to the conclusion that we are working our mills for the benefit of labourers, lawyers and the Income-tax Department. The Act has not helped labour to organise and weld them into a strong bargaining unit. The average worker is not to-day trade-union-minded. He owes no real allegiance to any union, and will side with the union which puts forth maximum demands. Figures of subscription may have statistical value only, but are useless for all practical purposes, and there is no union to-day which can truly deliver the goods. I would like to urge that, so long as compulsory arbitration continues, there is no hope of the trade union and the trade conciliation machinery succeeding. Unions will never develop, and workers will always look to Government and Courts to secure their claims. To-day the worker is willing to abide by the award if it suits him, and he knows, as well as Government, the employers and the union leaders, that if he ignored the award, practically nothing can happen to him. It is in this psychological background that the industry, the Government and the machinery created by Government, namely, the Labour Courts, the Industrial Court, etc., work, and there is nothing surprising in the policy of appeasement which is usually followed regardless of every other consideration. I need not cite instances, but we had recently a case where the Industrial Court awarded compensation to the workers for loss of employment following from a breakdown of the engine, though it was admitted by the Court that the breakdown was due to causes beyond the control of the management, and though the Standing Orders definitely lay down that no compensation is due in such cases. The Industrial Relations Act lays down that no order passed by the Industrial Court shall be called in question in any other Civil or Criminal Courts, but being a case where the Association felt that the Judge of the Industrial Court had exceeded his jurisdiction, the matter was taken up by the mill concerned, on our advice, and the order was set aside by the High Court.

The introduction of compulsory arbitration is perhaps justifiable in a national emergency when loss of production following from a strike or lockout may jeopardise the very existence of the State. Even then, there are two factors which are usually kept in view. The award is only in force for a limited period, and it does not cover any long-term arrangement, but the recent awards, which we had in connection with textile clerks and various other adjudications, involve employers in a perpetual liability in the matter of gratuities and provident funds. The Industrial Relations Act lays down that an award can be terminated under certain circumstances; that is to say, the law contemplates only awards which can be terminated, but I do not know how, after having established a scheme of gratuity and provident fund, it is feasible or possible to discontinue it.

Having had to spend most of my time in the Association in dealing with labour problems, I have come to the conclusion that the Bombay Industrial Relations Act, and for the matter of that, even the Central Trade Disputes Act requires immediate amendment in two important respects. First, the Industrial Court, the Labour Court, and any Tribunal formed under the Trade Disputes Act, should come under the jurisdiction and superintendence of the respective High Courts, the High Courts also being made responsible for the appointment of the Judges or Tribunals as the case may be. While it may not be a practical proposition to provide for appeals from the decision of the Tribunals, Labour Courts or Industrial Courts to the respective High Courts in all matters, the law should provide for appeals in certain specific cases. I feel I am entitled to ask that a decision of the Labour

Court, Industrial Court, or any Tribunal, involving perhaps large sums of money and also the future existence and financial safety of my company should not be made binding on me unless that decision has been tested and confirmed by the highest Judicial Court of Appeal available in the Province. Similarly, I am entitled to ask that no fine or imprisonment is inflicted on me under the Act until the guilt alleged against me is conclusively proved and established to the satisfaction of the highest Judicial Court. I, for one, would never grudge labour a fair deal, and I am even prepared, if I cannot come to an amicable settlement with my workers direct, to have, if necessary, the dispute adjudicated by a Court, provided the case is decided on equity, merits and within the four corners of existing enactments, and not on philanthropic or philosophic considerations, trend of thought and legislation in other countries, or on the basis of adjudicators' or arbitrators' views on sociology and kindred matters.

Before I pass on to other matters, I appeal to all those who have the welfare of labour at heart, not to interfere with the efficiency of the mills, not to interfere with the efficiency of the workers, and above all not to do anything which would directly or otherwise interfere with the discipline in the mills. I shall now touch on a matter which has caused considerable anxiety to all employers. I refer to the demand for reinstatement of discharged or dismissed workers. It is a well recognised principle of common law and equity that a contract of personal service cannot be specifically enforced, but in times of emergency caused by war, etc., this principle is statutorily suspended by bringing in conscription of man-power. I am sure all of you are aware of the judgment of the Federal Court in the Western India Automobile Association case. Our Association held very strong views as regards the right of a Court of Law or Tribunal to order the reinstatement of a discharged or dismissed worker. This was also the issue in a case concerning one of our members, Messrs Bombay Dyeing and Manufacturing Co., Ltd., who, on our advice, took the matter to the High Court where it is even now pending. We also gave all reasonable co-operation and assistance to the Western India Automobile Association in taking this issue to the Federal Court. Unfortunately, the result has unexpectedly gone in favour of the proposition which is repugnant to the very basis of the law relating to master and servant. I would never have minded if the relations between the employer and the employee were placed on a mutually reciprocal basis. That, however, has not been done. What then is the result of the judgment? We shall be forced to keep people whom we do not want, but the people whom we may like to retain may leave us without notice and without incurring any liability therefor, as no Court awards damages to an employer in the case of an employee leaving service without notice unless special damage is proved. I appeal to Government that, if they are really keen on maintaining discipline not only in industrial concerns, but also in their own organisations, departments, and nationalised industries like railways, transport, etc., they should amend the law so that, if a worker has been, in the opinion of the appropriate Court, wrongfully discharged or dismissed, he should be provided relief in the shape of higher damages than merely the salary due for the customary notice period. I am not asking for any reciprocity in this matter because I do not think any employer would like to have in his service somebody who is not willing to serve him, but it should be clearly understood that the only remedy in law to an employee would be damages and not reinstatement.

THE INDUSTRIES (DEVELOPMENT AND CONTROL) BILL, 1949.

Your attention has, no doubt, been drawn to a Bill to provide for the development, regulation and control of certain industries, recently introduced in the Indian Parliament by the Hon'ble Dr. Syama Prasad Mookerjee and referred to a Select Committee. This Bill, *inter alia*, seeks to provide the Central Government with the means of implementing their industrial policy, and brings under Central control the development and regulation of a number of important industries the activities of which affect the country as a whole and the development of which, according to Government, must be governed by economic factors of all India import. The Bill also seeks to secure the planning of future development of industries on sound and balanced lines by the licensing of all new undertakings by the Central Government, and further confers on Government the power to make rules for the registration of existing undertakings. So far, the Bill is unobjectionable, but clause 10 confers sweeping and indefinite powers on Government to make rules for various matters such as regulation of production, use of raw material, fixation of standards of production, issue of directions

for prohibiting any industrial undertaking from resorting to any act or practice which might reduce its production, capacity or economic value, requiring any industrial undertaking to provide facilities therein for the training of technicians and labour, etc., etc. In short, there is not any aspect of an industry with which Government are not empowered to interfere. As if this were not sufficient, the Bill authorises Government to direct the owner of a factory to hand it over to a person or authority nominated by Government to be run by him or them as the case may be. A co-ordinated plan for the industrial development of the country is an excellent ideal with which nobody can quarrel, but to clothe the Government and its officers with powers which they are not at all competent to exercise, is fundamentally wrong in principle and is bound to have serious repercussions on the industrial development of the country.

BOMBAY SHOPS AND ESTABLISHMENTS ACT

It was originally my intention to make a detailed reference to the Bombay Shops and Establishments Act and its provisions, but this has become unnecessary as it is reported that Government proposed to convene a conference of the interests concerned to discuss the Act. I sincerely trust that the conference would serve very useful purpose and result in the formulation of a satisfactory plan for the working of the Act.

PROSPECTS FOR THE FUTURE.

Bearing in mind the encouraging economic trends in 1948 as compared with the preceding year, I may be excused if I face the future with a certain amount of subdued optimism. Communal strife and internal dissensions, which broke out when the National Government took over, have fortunately ended. The threat to the peace of the country from Kashmir, Hyderabad and Pakistan has been done away with. The setback which the administrative services received due to the retirement of an exceptionally large number of civilians from the country is being steadily repaired. Above all, the Central Government, I am happy to say, recognise the importance of preventing this country falling into the hands of communism, and have shown their desire to meet the situation with all the resources at their disposal. The problem of Indian States, which was in a nebulous condition, is being satisfactorily solved, thanks to the courageous statesmanship of the Deputy Prime Minister. Inflation, which is one of the root causes of the country's misfortunes, is, we have been assured, being tackled by Government in right earnest. Efforts are being made to improve exports, and a liberal policy in the matter of imports of essential commodities and capital machinery, has been adopted. Industrial and agricultural production, as I have already indicated, is on the upward trend, and provided nothing unforeseen happens, I do not see why 1949 and the years to come should not augur well for our country. We have still a long way to go to consolidate the liberty and independence we have won; there are still several problems to be tackled, and practical difficulties to be overcome, and it is here that we, as citizens of this country, owe a duty to our Government by giving them our unstinted support in their heroic efforts to rehabilitate this country and make it a land worth living and fighting for. The Association has always been free and frank in its criticism of Government; but we recognise Government's right to take final decisions in all matters, and even if they decide against us, we have felt it our duty to co-operate with them and abide by their decision. That does not mean, however, that we have no right to criticise Government and point out to them where exactly, in our opinion, they have gone wrong, not of course in a spirit of fault-finding, but in the interest of good government in which all of us are interested.

Turning, however, to our own industry, the future is not one of unmixed optimism. As you are aware, the Textile Commissioner is now fixing the ceiling prices of our cloth and yarn on the basis of certain recommendations of the Tariff Board, which, to my mind, are absolutely unsatisfactory. I am particularly referring to elements which enter into the computation of fair selling prices, such as depreciation, interest on working capital, managing agency commission, and return on capital employed, and the Board's views on these matters are well worth our closest examination, but I must rule this out as inappropriate on the present occasion, and make my remarks as brief as possible. The Board has allowed, for

purposes of depreciation 4 per cent on the gross block which, in their opinion, will be an adequate provision at the present time. The Costs Sub-Committee of the Working Party on the Cotton Textile Industry appointed by the British Government in 1945 pointed out, "We hold unanimously that both depreciation and interest should, for costings purposes, be based upon current replacement value of plants not only because that value alone provides a definite objective basis but also because current values are normally the best index of the prices at which eventual replacement will take place. The Board agreed with this statement, but they declined to adopt it for the reason that in the first place the state of machinery differs from mill to mill depending upon its age and the care with which it has been used. I ask whether that condition does not obtain in the United Kingdom. The second reason advanced by the Board for declining to accept the datum of the Working Party is "it is not possible to say how much of the machinery requires to be replaced immediately and how much of it can still serve for production for varying periods of time." They further state, "Even if all the machinery had become sufficiently worn out to require replacement in the near future, it would not be feasible to procure new machinery for all the mills in the near future." This is a very lame excuse. The Board first expressed their ignorance as to the proportion of the machinery due for renewal and then make the amazing suggestion that even if all the machinery is due for replacement, replacements would not be available for a very considerable time. I have been trying to find out what, according to the Board, is a reasonable time within which we stand any chance of getting new machinery, and find that they are taking a period of 12 to 15 years for the purpose. This period has a vital bearing on the other proposals of the Board relating to reserves, depreciation fund, etc., etc., for they expect that the adoption of their price structure would enable the industry to lay by, within a period of 12 to 15 years, sufficient capital required for rehabilitation. The Board's information regarding availability of new machinery is not quite correct, for, several manufacturers now offer replacements on a 10 months' delivery basis. The Board's hope of the industry being able to build up sufficient reserves or depreciation funds in a period of 15 years to complete the entire rehabilitation of the industry is, on the face of it, untenable for the reason that it rests on the assumption that prices of cloth and yarn would be maintained at current levels for the next 15 years. The Board has allowed 3 per cent interest per annum on working capital (the latter expression, according to them, meaning an amount equal to four months' cost of production). Gentlemen, we know what is happening in banks to-day and on what conditions and rates of interests, loans for working capital can be had from them. The Board has further fixed return on capital at 6 per cent on the gross block which, in their opinion, provides for a corporation tax of 2 annas in the rupee, a reserve of 40 per cent of the gross profit for replacements, etc., payment of the managing agency commission at $7\frac{1}{2}$ per cent of the gross profits, and a dividend at 5 per cent on paid-up capital. The Board has taken pains to explain the logic underlying their selection of the gross block as the basis for computing the return on capital employed in the business, but I am sure that their line of argument will not appeal to any businessman. If the Board's recommendations are calculated to help anybody, it must be those joint stock companies who may have frittered away all their profits in the shape of dividends, and not those who have wisely refrained from doing so and have ploughed back the shareholders' profits into the business itself. One cannot altogether forget the fact that, for about 17 years, the Bombay Cotton Textile Industry was passing through a serious depression, and crores of rupees were lost. The war helped us to set matters right to a certain extent, but I can never subscribe to the argument that because we made high war profits; because we declared large dividends to our shareholders to make up to a certain extent the enormous losses which they incurred for so many years, and because the managing agents earned commissions during the war which in the Board's opinion were very high as compared with previous years when we were making losses, our fair selling prices should be ruthlessly cut down to compensate for profits which have already been earned. If trade and industry are to thrive in this country, as they must, such reasonable conditions as would attract investment should be offered to the investor, and certainly the Board's conditions do not, in my view, fall in this category.

DOMESTIC MATTERS

I cannot close my remarks without paying a tribute to your Deputy Chairman and the Committee. I cannot adequately thank them for the unstinted support which one and

all of them gave me in the year under review. We had a strenuous time, they gave me of their best, and their co-operation simplified matters for me. During the year, death removed from among us, one of our esteemed colleagues, Sir Sorab Saklatvala, who was very closely and actively associated with the Committee for about 28 years and was its representative in the Bombay Legislative Assembly, the Indian Central Cotton Committee and other institutions.

In addition to the usual donations which will be covered by a separate resolution to-day, your Committee have recommended a special donation of Rs. 5,000 to the Sir Frederick Stones Memorial Fund. Sir Frederick has done yeoman service to the industry as you all know, and the amount which is being donated, I understand, will be utilised for the improvement of technical education in Bombay, and I trust the donation will meet with your entire approval.

I now come to the officers and staff of the Association whose work has been everything that is desirable. To our Secretary, Mr. Ayer, specially, our sincere thanks are due for the way he has been bearing the ever-increasing burden placed upon him from year to year by various measures of control etc. adopted by Government. In labour matters, he has been very ably assisted by our hard-working Labour Officer, Mr. Gokhale. In other matters, Mr. Ayer has, at the wholehearted and loyal assistance of the Senior and Junior Assistant Secretaries and other members of the staff. The finances of the Association are in a satisfactory condition: our reserve fund to-day is standing at Rs. 7,60,164.25 as against Rs. 6,76,488.96 in the preceding year.

With these words I propose

“That the Report of the Committee of the Association and the Statement of Accounts for the year 1948 be and are hereby approved and adopted.”

MR. NEVILLE N. WADIA, the Deputy Chairman of the Association, in seconding the adoption of the Report and the Statement of Accounts for the year 1948, said :-

GENTLEMEN

In rising to second the Chairman's motion for the adoption of the Report, I would like to touch on a few matters which I think should receive your careful consideration.

As you are aware, it is very necessary to bring about effective collaboration among all sections of employers in the country. The Central Government has recently taken additional powers to secure uniformity of labour legislation throughout India. Capital and labour matters are receiving increasing attention from the Government of India. In addition, to this there are certain matters concerning industrial control, and in this connection, the Chairman has already referred to the recent Bill introduced in the Central Legislature by the Hon'ble Dr. Bhabha Prasad Mukerjee. Government, as you know, have also various proposals under consideration, such as fixation of fair wages, a scheme for sharing of profits with labour, introduction of compulsory provident fund, etc., following from the Industrial Truce Resolution. We all know that certain bills relating to the Industrial Disputes Act and the Trade Unions Act, are also likely to come up before the Legislature at a very early opportunity. All these matters are of gravest import to us as employers. There is no use flooding the Government of India with a series of memoranda from different organisations, each conflicting with the other. There must be a central organisation whose responsibility it should be to analyse all proposals concerning employers and industrialists, consult the various employers' organisations in the country, and take steps for the most effective presentation of the employers' point of view to the Government of India, or other Government concerned. This will mean considerable expense in maintaining a central office, but the cost will be more than justified by the results expected to accrue therefrom. The organisation which I have in view may also be charged with the responsibility of placing the employers' point of view

at the various tripartite and other conferences convened by the Government of India and international organisations. I do not for a moment suggest that the existing employers' organisations in the country have failed in their duty; some of them have been pioneers in the field and have done very good work, but we must realise that action must be joint in order to be effective.

I now turn to a question which particularly affects our members in Bombay City, that of exports. In November 1947, the Finance Minister introduced the Export Duty on Cotton Textiles at the rate of four annas per square yard, with the object of obtaining for Government a share in the excessive difference between internal and foreign prices. The duty was subsequently revised to 25 per cent. *ad valorem* in the 1948 budget. This duty soon proved to be very excessive and in September it appeared that exports from India had dropped to 13 per cent. of the permissible quotas for the first half of 1948. The situation had become so serious that the Government of India were forced, by sheer weight of facts, to reduce the export duty to 10 per cent. in October last. While this reduction has proved helpful to some extent, the ground lost has not yet been regained. In spite of liberal extensions only 61 per cent. of the January/June and 25 per cent. of the July/December quotas had been converted to licences on the 1st January 1949. The continuance of the export duty has proved a tremendous handicap to our export trade and has prevented any attempts to obtain markets in hard currency countries in which our goods at one time seemed likely to find favourable reception. It has also lost us those hard currency markets in which we used to sell regularly before the duty. The Government of India, however, still seem to regard as more valuable whatever little revenue they can get from the continuance of the export duty rather than the export trade itself which brings in not merely foreign currency but also goodwill. It is difficult for those interested in the export business to understand the policy of Government. On the one hand, Government continuously stresses the need for an export drive and on the other, it takes steps to handicap exports by duties. In no other country in the world is export trade hampered in this manner. I have no doubt that unless Government takes a long-term view and removes the export duty, revenues will continue to fall and we shall lose not only the duties, but also the trade and the foreign currencies that come from it. Exports are most vital to this country so long as we depend so heavily upon imports of foodgrains and other essential materials including the industrial equipment required to develop the country. Surely then, foreign currency is at least as important as internal revenue.

As if it were not enough to handicap the export trade of the industry, the Finance Minister has thought fit to place further heavy burdens on its internal trade. An excise duty was first imposed in the last century by the Victorian British in their desire to prevent the development of our industry. This excise duty remained in force until 1926, in spite of continuous opposition and protest from the industry and public men throughout the country. At long last, Lord Reading was forced to remove it. Now under our own Government we are again burdened with a handicap more severe than in the past. The most serious aspect of this excise is that it does not appear to be a temporary expedient for collecting revenue to balance this year's budget, but it looks as though it has come to stay. The effect of this duty is bound to be disastrous and will make itself felt to an ever-increasing degree as prices fall. It will also encourage imports of textiles from the U.K. Clearly the Finance Minister has effectively benefited foreign industry and handicapped our own. Were it not for the scarcity of the fine and superfine goods, to-day we would be completely uncompetitive. Coarse and medium cloth is the vital necessity of the poor. To raise the price of such necessary articles and talk of anti-inflation seems to simple-minded people like myself contradictory. As if the imposition of this duty was not in itself severe enough, the administration of the duty has been completely tied up with red tape. I have no wish to blame the staff that has to administer it, but I must say that the rules and regulations which have been introduced with this duty, have rendered the sale of cloth extremely difficult. The maintenance of registers, the filling in of forms, the presence of inspectors on premises, the difficulties in the way of moving goods for sales or exports, all these might be worthwhile and might be borne cheerfully if they served some real public purpose, and if there were no other way of obtaining the amount involved. That, however, is not the case. That the few crores which the Government wish to obtain from the excise duty on cloth could be collected without any of the elaborate

procedure that is insisted on at present is clear from the fact that this ~~was~~ never necessary under the old Cotton Duties Act of 1896, through the instrumentality of which ~~crores~~ of rupees were recovered for many years, without any of the vexatious burdens which the present procedure involves. Simpler methods, moreover, would save the public ~~the~~ expenditure incurred on the present large staff, which could easily be replaced without any loss of efficiency by a small inspection section. One can but hope that Government will realise the necessity for removing this duty or at least of eliminating all vexation in the methods of collecting.

Following the Central Government Provincial Governments have also seen fit to place a further burden on the industry. Provincial Governments now levy sales tax on cloth not only on that which is consumed within the Province, but on that which crosses the border. Thus each Province is trying to collect money not only from its own zone, but also from its neighbours. This duty too will increase the price of cloth and is, therefore, harmful to the industry.

Yet another tax has been imposed upon us in this Province. We can take pride in the fact that our Government compels us to pay the highest electricity duty in the world. From information available, in no country does any industry pay even three per cent. electricity duty, while we have to bear a levy of thirty-three and one-third per cent. The wisdom of handicapping industry in this manner would be doubtful even in a country which is highly industrialised. For us who are still in the beginning of industrialisation, this duty can only be regarded as a shattering blow likely to drive away the development of industries to other Provinces.

Our previous foreign rulers would have hesitated considerably before imposing all these heavy imposts. One can well imagine the storm of protest our national leaders would have raised had the former Government dared to go forward with even some of these measures. It is indeed ironical that our own national Government should in so short a time have reverted to forms of taxation which not only handicap our own industry, but definitely favour our competitors. However, taking into consideration the great difficulties which our own Government has had to face in these first two years of its existence, the industry has shown them every consideration and has borne these measures with a patience unsurpassed in its history. But the time will come when we shall have to muster all our strength to urge upon Government reconsideration of their policy. The extent of our resignation is the measure of our loyalty. Let us hope it will evoke in Government an equal response.

As you are aware, the Textile Industry has provided by far the largest contribution to the Gandhi Memorial Fund. The industry in Bombay alone has to pay Rs. 80 lakhs. It has been agreed that seventy-five per cent. of the contributions of industrial firms in Bombay shall be reserved for the establishment of a hospital for our and other industrial labour, to be called the Mahatma Gandhi Memorial Hospital for Industrial Workers. A Committee consisting of representatives of various Associations and Chambers of Commerce has been appointed to draw up proposals and plans for its construction. Other industrial concerns are joining with us in this worthy effort. Let us hope we shall receive the utmost co-operation both of the Government and the Municipality of Bombay in making this hospital a model institution, worthy of the great name it will bear.

I have now great pleasure in seconding the motion for the adoption of the Report.

The resolution was then put to the meeting and passed.

On the motion of MR. A. PETHER, seconded by MR. A. L. HUTSON, it was resolved :—

“That Messrs. A. F. Ferguson and Company be and are hereby appointed as Auditors of the Association's Accounts for the current year on a remuneration of Rs. 500 per annum.”

at the various tripartite and other conferences convened by the Government of India and international organisations. I do not for a moment suggest that the existing employers' organisations in the country have failed in their duty, some of them have been pioneers in the field and have done very good work, but we must realise that action must be joint in order to be effective.

I now turn to a question which particularly affects our members in Bombay City, that of exports. In November 1947, the Finance Minister introduced the Export Duty on Cotton Textiles at the rate of four annas per square yard, with the object of obtaining for Government a share in the excessive difference between internal and foreign prices. The duty was subsequently revised to 25 per cent. *ad valorem* in the 1948 budget. This duty soon proved to be very excessive and in September it appeared that exports from India had dropped to 13 per cent. of the permissible quotas for the first half of 1948. The situation had become so serious that the Government of India were forced, by sheer weight of facts, to reduce the export duty to 10 per cent. in October last. While this reduction has proved helpful to some extent, the ground lost has not yet been regained. In spite of liberal extensions only 64 per cent. of the January/June and 25 per cent. of the July/December quotas had been converted to licences on the 1st January 1949. The continuance of the export duty has proved a tremendous handicap to our export trade and has prevented any attempts to obtain markets in hard currency countries in which our goods at one time seemed likely to find favourable reception. It has also lost us those hard currency markets in which we used to sell regularly before the duty. The Government of India, however, still seem to regard as more valuable whatever little revenue they can get from the continuance of the export duty rather than the export trade itself which brings in not merely foreign currency but also goodwill. It is difficult for those interested in the export business to understand the policy of Government. On the one hand, Government continuously stresses the need for an export drive and on the other, it takes steps to handicap exports by duties. In no other country in the world is export trade hampered in this manner. I have no doubt that unless Government takes a long-term view and removes the export duty, revenues will continue to fall and we shall lose not only the duties, but also the trade and the foreign currencies that come from it. Exports are most vital to this country so long as we depend so heavily upon imports of foodgrains and other essential materials including the industrial equipment required to develop the country. Surely then, foreign currency is at least as important as internal revenue.

As if it were not enough to handicap the export trade of the industry, the Finance Minister has thought fit to place further heavy burdens on its internal trade. An excise duty was first imposed in the last century by the Victorian British in their desire to prevent the development of our industry. This excise duty remained in force until 1926, in spite of continuous opposition and protest from the industry and public men throughout the country. At long last, Lord Raming was forced to remove it. Now under our own Government we are again burdened with a handicap more severe than in the past. The most serious aspect of this excise is that it does not appear to be a temporary expedient for collecting revenue to balance this year's budget, but it looks as though it has come to stay. The effect of this duty is bound to be disastrous and will make itself felt to an ever-increasing degree as prices fall. It will also encourage imports of textiles from the U.K. Clearly the Finance Minister has effectively benefited foreign industry and handicapped our own. Were it not for the scarcity of the fine and superfine goods, to-day we would be completely uncompetitive. Coarse and medium cloth is the vital necessity of the poor. To raise the price of such necessary articles and talk of anti-inflation seems to simple-minded people like myself contradictory. As if the imposition of this duty was not in itself severe enough, the administration of the duty has been completely tied up with red tape. I have no wish to blame the staff that has to administer it, but I must say that the rules and regulations which have been introduced with this duty, have rendered the sale of cloth extremely difficult. The maintenance of registers, the filling in of forms, the presence of inspectors on premises, the difficulties in the way of moving goods for sales or exports, all these might be worthwhile and might be borne cheerfully if they served some real public purpose, and if there were no other way of obtaining the amount involved. That, however, is not the case. That the few crores which the Government wish to obtain from the excise duty on cloth could be collected without any of the elaborate

procedure that is insisted on at present is clear from the fact that this ~~was~~ never necessary under the old Cotton Duties Act of 1896, through the instrumentality of which crores of rupees were recovered for many years, without any of the vexatious burdens which the present procedure involves. Simpler methods, moreover, would save the public fisc the expenditure incurred on the present large staff, which could easily be replaced without any loss of efficiency by a small inspection section. One can but hope that Government will realise the necessity for removing this duty or at least of eliminating all vexation in the methods of collecting.

Following the Central Government, Provincial Governments have also seen fit to place a further burden on the industry. Provincial Governments now levy sales tax on cloth not only on that which is consumed within the Province, but on that which crosses the border. Thus each Province is trying to collect money not only from its own zone, but also from its neighbours. This duty too will increase the price of cloth and is, therefore, harmful to the industry.

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I have now great pleasure in seconding the motion for the adoption of the Report.

The resolution was then put to the meeting and passed.

On the motion of MR. A. PETHER, seconded by MR. A. L. HUTSON, it was resolved :—

“That Messrs. A. F. Ferguson and Company be and are hereby appointed as Auditors of the Association's Accounts for the current year on a remuneration of Rs. 500 per annum.”

On the motion of MR. DHARAMSEY MULRAJ KHATAU, seconded by MR. G. D. SOMANI, it was resolved :—

“ That the following donations be sanctioned and paid out of the Association's Funds for the current year :—

				Rs.
The Victoria Jubilee Technical Institute	..	..	—	2,500
The Police Comforts Fund	..	..	—	1,000
The Textile Technical School	..	•	..	700
The Sir J. J. Hospital Poor Box	..	..	..	400
The K. E. M. Hospital Poor Box	..	..	..	400
The Naigaum Social Service Centre	..	..	..	350
The Maharashtra High School	..	..	..	250
The Goculdas Tejpal Hospital Poor Box	..	..	..	200
The Bombay Textile and Engineering Association	..	..	..	200
The Sir Frederick Stones Memorial Fund	..	..	..	5,000
Total				Rs. 11,000 ”

SIR JOSEPH KAY proposed a vote of thanks to the Chairman and Committee for their very able conduct of the Association's affairs during the year, which was carried with acclamation.

Report for the Year 1948.

Section II.

**FOREWORD, PRELIMINARY REPORT AND ACCOUNTS
OF THE ASSOCIATION.**

REPORT
OF THE COMMITTEE OF
THE MILLOWNERS' ASSOCIATION, BOMBAY.

For the period 1st January to 31st December 1948.

FOREWORD.

THE year 1948 witnessed political troubles throughout the world. The rapid spread of communism in the East and West on the one hand and the untiring efforts of the Western Democracies to prevent the Soviet Union from extending her sphere of influence on the other, started a "war of nerves" which threatened to develop into yet another world conflict. Czechoslovakia was the first country to come under the Soviet yoke. This was followed by the spread of communism in Finland and Hungary. Russia, however, received a mild shock when Yugoslavia, under the leadership of Marshal Tito, appeared to break away from her domination. Another setback to the Soviet prestige was the defeat of the Communist Party by the Christian Democratic Party in the general elections in Italy.

The Marshall Plan initiated by the United States of America for the economic recovery of European and other countries was strongly resented by Russia, and before steps could be taken to implement the plan in Germany, the Soviet Union counteracted the move by imposing a blockade of the Western Zone of Germany. Negotiations conducted by Great Britain, France and the U.S.A. failed to persuade Russia to modify her obstructive attitude and the end of the year saw the continuation of the blockade and retaliation on the part of Great Britain and U.S.A. by providing an airlift for maintaining supplies to the Western Zone.

France and Italy were tormented by internal dissensions and party conflicts, and a state of political and industrial unrest prevailed throughout both countries during the year.

An event of far-reaching importance occurred in America when to the surprise of all, the man often described as "a small man for a big job" was elected President of the United States. Mr. Truman's victory demonstrated to the world the power of organised labour and that it was a factor to be reckoned with in future politics.

In the Middle East, the withdrawal of British forces from Palestine at the close of the mandatory period, the proclamation of the State of Israel, and its *de facto* recognition by America and Russia led to a bitter conflict between the Jews and the Arabs. This state of affairs continued throughout the year in spite of the ceaseless efforts at mediation by the United Nations.

Organisation resulting in the assassination of Count Bernadotte, the chief mediator in the dispute, while on a peace mission on behalf of U.N.O.

The deterioration of the situation in the West had its repercussions on events in the Far East. The Communists in North China, aided by Russia, gained swift victories; and at the close of the year the Red Army was at the gates of Tientsin in the North and Nanking in Central China. With the collapse of the monetary system of the Chinese National Government and the cessation of trade and commerce, Chiang-kai-Shek's Government was forced to sue for peace.

With American support, Japan made rapid strides towards economic recovery. She embarked on an export drive which caused considerable apprehension in trading circles in England and the United States, and warnings were sounded about the revival of Japanese competition.

Burma declared Independence on 4th January 1948, but the deteriorating political and economic conditions resulting from country-wide insurrections were a constant source of anxiety to her Government.

The sudden reversal of Dutch policy with regard to Indonesia resulted in Holland sending her troops to that country, recapturing the regions which had declared their independence, and imprisoning the Indonesian leaders. This action was condemned by India and other countries in the East. The Security Council intervened by asking the Dutch Government to put an immediate end to aggression.

At home, Indo-Pakistan relations continued to be strained.

In January, Mahatma Gandhi's assassination dealt a severe blow to the country. His achievements in the sphere of politics are too well known to need enumeration, but what he accomplished for the Indian textile industry is worth mentioning. His preachings made the people of this country *swadeshi* conscious, and developed into a movement which, from small inconspicuous beginnings, assumed national importance, and ultimately helped in breaking the monopoly enjoyed by the Lancashire textile industry.

Pakistan also suffered a great loss when its founder, Mr. Jinnah, died a few months later.

In order to curb subversive and communalistic movements in the country the Government of India declared illegal several communal organisations, and put their leaders under arrest.

With the departure of Lord Mountbatten, the last English Governor General, Mr. C. Rajagopalachari was appointed the first Indian Governor-General of India on 21st June.

During the year uneasiness prevailed between the Dominions of India and Pakistan over the Kashmir and Hyderabad issues. Kashmir was the scene of incessant fighting throughout the year. Wiser counsels, however, prevailed, and both Dominions agreed to a truce from 1st January 1949.

The intransigent attitude taken up by the Hyderabad State and the constant struggle between political factions there, compelled the Government of India to take police action in that territory in September. Within a few days the disruptive elements in the State were brought under control and a Military Government established.

In the economic sphere, the outstanding event was the nationalisation of the Reserve Bank of India.

Another event of far-reaching importance was the declaration by the Government of India, on 6th April, of its policy for the development of Indian industries. According to this policy the State was to be exclusively responsible for the establishment of new undertakings with regard to certain industries, such as coal, iron and steel, aircraft manufacture, shipbuilding, manufacture of telegraph, telephone and wireless equipment, and mineral oils; whilst certain basic industries of national importance, such as the manufacture of automobiles and tractors, prime movers, machine tools, heavy chemicals, non-ferrous metals, cotton and woollen textiles, cement, sugar, etc., would be subject to Central control and regulations.

In the hope of restoring normal conditions, Government adopted, early in the year, a policy of gradual decontrol of all commodities. Rationing of foodgrains was abolished except in important cities such as Bombay and Ahmedabad. Cloth and yarn controls were also relaxed towards the end of April, but as prices immediately registered a steep rise, Government re-imposed controls from 1st August 1948.

In October, the cost of living index figure in Bombay reached the peak of 323 points. In the same month the Government of India announced certain measures for combating inflation in the country. Some of the measures suggested were: equitable distribution of foodgrains and cloth at reasonable prices below the existing levels; greater facilities for the small investor; liberalisation of the rates of depreciation, and exemption from income-tax of new industrial undertakings; introduction of uniform labour legislation throughout India; and taxation of luxury articles.

During the year an Ordinance was issued by the Government whereby no joint stock company in the country could distribute in any financial year a dividend in excess of 6 per cent. on the paid-up capital, or in excess of the average dividends of the two previous years, whichever was higher. The publication of this Ordinance to limit dividends, and hesitancy on the part of Government to clearly define its future policy regarding industrial undertakings and taxation, combined with the constant talk of nationalisation of industries, caused loss of confidence on the part of the investing public, bringing about a rapid fall in the prices of shares and equities throughout the country. In Calcutta values dropped to such an extent that the Stock Exchange authorities were obliged to fix minimum prices for the leading scrips.

The food situation which caused anxiety throughout the year compelled Government to import large quantities of grains from various foreign countries. This caused a heavy drain on India's financial resources, in sterling as well as in hard currency.

Unrest and dissatisfaction amongst industrial labour spread to the dock workers and the employees of the postal and transport services. In the industrial field strikes and lockouts were a regular feature due to incessant demands made by labour for increase in wages and allowances. The Industrial Court's award of 31st May 1947 had already raised the minimum occupational basic wage of a mill operative in Bombay from Rs. 15 to Rs. 30 per month with retrospective effect from 1st January 1947, and all cotton mills in Bombay had been directed to adopt the standardised list of wages for workers in the industry. On 22nd March of the year under review, the Industrial Court awarded to labour a bonus equivalent to one sixth of the employees' earnings for the year 1947, and in April the rate of dearness allowance paid to the workers was raised from 1.75 to 1.9 pias per day for each rise of one point in the cost of living index over the pre-war figure. The new rate of dearness allowance was also given retrospective effect from 1st January 1947.

In March, resolutions were passed by the Bombay Provincial Labour Advisory Board urging the implementing of the "Industrial Truce," the setting up of Works and Production Committees in factories, and the working out of a labour code for standardising conditions and amenities in industrial establishments.

Amendments were made, in May, to the Bombay Industrial Relations Act arming Government with power to compel mill authorities to appoint Joint Committees. Government were also empowered to constitute Wage Boards consisting of representatives of employers and employees and independent persons, for the purpose of deciding industrial matters and disputes.

The passage of the Employees State Insurance Act in April constituted an important landmark in the Labour legislation, as the first Social Security measure taken in India.

In September, the Factories Bill was passed, introducing several changes in the existing Factories Act particularly with regard to payment of overtime, holidays with pay and licensing of factories.

In the same month, an Import Advisory Council was set up by the Government of India to advise them on matters of general policy relating to import control. Later, a Central Advisory Council of Industries under the Ministry of Industry and Supply and a Central Advisory Council under the Minister of Labour were constituted to advise the Government on the ways and means of securing maximum increase of industrial production, obtaining raw materials, importing capital equipment, standardisation of wages, profit-sharing, etc.

Although industrial production in 1948 did not touch the peak reached in 1943 and 1944, there was an increase of about 15 per cent. over the pre-war level as compared to a drop of 5 per cent. in 1947.

During the year under review, Sir Sorab Saklatvala, Kt., who was actively and prominently connected with the textile industry for well over 25 years, passed away.

COTTON.

One of the outstanding features of the year in the cotton market was the lifting of control on cotton in January and its reimposition in August. Other factors which affected the market were, the steadily tightening supply position of staple Indian cotton; classification of Pakistan as a foreign country for purposes of Indian export and import trade; the Indo-Pakistan Cotton-Cloth Agreement; increased exports of cotton; and towards the end of the year a scramble in the market among mill buyers to secure cotton.

Events in the international sphere influencing the home market were a steep rise and fall in prices of Egyptian cotton—a range of about Rs. 1,500 per candy; the visit of the Japanese Trade Mission for reviving cotton trade between the two countries; and the appearance of Russia as a new buyer of Pakistan, Egyptian and African cottons in the world markets on cash or barter basis.

Prices during the year 1948 registered wide swings, due chiefly to the restoration of free trade. The March I.C.C. touched the year's lowest, viz., Rs. 488-8-0 early in January, and thereafter with moderate setbacks continued to gain strength till the September contract reached Rs. 796 on 13th May—the highest touched in forward trading in the past 30 years. The tide then turned, prices drifted downwards, and with the reimposition of cotton control in August the I.C.C. for September delivery dropped to as low a figure as Rs. 495.

The spot prices for all varieties of Indian cottons continued to rule strong throughout the year. This was due to short supply and increasing demand, particularly for cottons of 13/16" staple and over which fetched fancy premiums. Navsari was traded in at Rs. 370 'on,' Hubli at Rs. 250 'on,' Vijay at Rs. 200 'on,' Fine Khandesh at Rs. 100 'on,' NT at about Rs. 1,100 and 289F at about Rs. 1,250 per candy.

Imports of cotton from Pakistan, Egypt and East Africa for the year ending 31st August 1948 were considerably less than those of the previous year, mainly due to smaller crops and greater demand from other countries for these growths.

January.—The year opened with I.C.C. January at Rs. 495 8-0, March Rs. 492-12-0, and May Rs. 496-4-0 per candy. New York futures were quoted at March 36.10 cents, May 35.92 cents, July 34.60 cents and October 31.78 cents per lb.

On 20th January, the control on cotton was lifted, and the floor and ceiling prices were abolished.

In view of the unsatisfactory supply position of raw cotton, the Government of India decided to continue the ban on the export of cotton of 13/16" staple and over. The export duty on the very short staple cottons was doubled from Rs. 20 to 40 per bale.

For the first time after several years, Indian mills were allowed to buy East African cotton directly, without Government intervening as importer.

Pakistan decided to regulate the export of cotton to all destinations including India, and doubled the export duty to Rs. 40 per bale.

Prices of L.C.C. ranged from Rs. 488 to Rs. 538 for March delivery ; whilst Egyptian Karnak cotton prices increased by more than Rs. 200 per candy during the month.

February. There was a steady rise in the market due to lack of price control and to the stimulus it received through the formation of a strong bull group holding large blocks of March contract. Prices fluctuated between Rs. 512 and Rs. 598.

Egyptian prices registered a further steep rise ; Karnak type 154 shooting upto Rs. 2,200 from about Rs. 1,750 per candy.

Russia was reported to have concluded a barter deal with Pakistan for cotton against supply of Russian foodgrains and other goods.

During the month paid whole-time and sworn surveyors were appointed by the East India Cotton Association with the approval of the Government of Bombay in connection with their survey and arbitration work.

March. Consequent upon Pakistan being declared a foreign country, cotton imported from that Dominion became liable to the import duty of 2 annas per lb. from 1st March.

A delegation from Sudan visited India to negotiate bulk sales of Sudan cotton. The negotiations, however, broke down on the question of price.

The May contract ranged from Rs. 565 to Rs. 631.

April. Cotton continued to rule strong, and the market was very active during the month due to the complete removal of price control on cloth and yarn and the shrinking supply of raw cotton. Daily fluctuations of Rs. 25 per candy and more were a regular feature, and the existence of a bull squeeze compelled the East India Cotton Association to declare a state of emergency. This had, however, only a temporary dampening effect on prices, as within a week, May L.C.C. soared from Rs. 629 to Rs. 728.

The purchase of the entire Sudan crop by the United Kingdom Raw Cotton Commission at one stroke came as an unpleasant surprise to the Indian textile industry.

Egyptian Karnak prices gained a further Rs. 300, and Type 154 was quoted as high as Rs. 2,925 per candy.

At the end of the month, the Government of India decided to exempt from import duty cotton imported from Pakistan with a view to avoid inflating its price.

May. The month was notable for wide swings in futures. The July contract advanced to Rs. 790, and September to a record figure of Rs. 796 on the 13th of the month, due to the withdrawal of the cotton squeeze order, the impending visit of the Japanese Trade Mission which was expected to make large purchases, and the growing scarcity of good staple cotton. The visiting Mission, however, bought only 13,000 bales of Bengals and Mathias. Reports from the cloth market became worse, and rumours that the Government were considering taking over the management of the cotton textile mills induced heavy selling, resulting in the July L.C.C. price falling to Rs. 717. There was a temporary recovery to Rs. 766 on short covering and the purchase of an extra 55,000 bales by Japan.

On the last day of the month, due to reports that Government contemplated reimposition of price control, the market was demoralised and the July contract crashed to Rs. 698.

The month also witnessed a collapse in the prices of Egyptian cotton; Karnak Type 154 falling from the peak of about Rs. 3,000 to Rs. 2,600 per candy.

June. The Central Government's decision to allow limited imports of American cottons; the forthcoming visit of an Indian delegation to Egypt for obtaining larger supplies of Karnak cotton; the possibility of a larger acreage for the next season; the failure of the bull group; and the first forebodings felt in the market of the probable reimposition of cotton and cloth control caused L.C.C. July to sag to Rs. 633 per candy.

As a result of the Indo-Pakistan Trade Agreement, it was decided to exchange 4,00,000 bales of Indian cloth for 6,50,000 bales of Pakistan cotton.

The negotiations between India and Egypt for a barter deal for Karnak cotton in exchange for Indian goods failed.

July.—For the first three weeks the impending cloth control hung like a shadow over the market, and heavy liquidation and short selling started as soon as it became definitely known that cotton prices were to be controlled. The result was that there was a steep fall in the September contract from Rs. 660 on the 22nd to Rs. 588 on 31st July.

Free licensing of imports of Brazilian cotton payable in sterling was allowed by the Government of India during this month.

August.—The cotton market was in a state of suspense till about the 21st of the month while it anxiously awaited Government's announcement of the new floor and ceiling prices. The subsequent fixation of the ceiling and floor rates at the unexpected figures of Rs. 620 and Rs. 495 respectively for Fine Jarilla 25/32" staple, practically destroyed the confidence in the cotton market. Within a week, the September contract fell from Rs. 581 to Rs. 495.

Egyptian Karnak prices dropped by about Rs. 300 per candy.

A deal was concluded between the Government of India and the United Kingdom for the exchange of 10,000 bales of Sudan cotton for 15,000 bales of C.P. Deshi cotton.

An important event was the reopening of the Alexandria Futures Market during the month after a closure of about eight years.

The first United States Cotton Crop Report was published, giving an estimate of 15,169,000 bales.

September.—The fixation of the new ceiling prices of cotton, which were lower than the prevailing rates of ready cotton, had a depressing effect on the market early in the month ; but later, on Government's assurance to support old and new crop prices at floor levels, prices recovered slightly.

September L.C.C. after touching the bottom at Rs. 496, rallied to Rs. 600 and finally matured at Rs. 592 towards the end of the month.

Trading in new crop 1948-49 opened officially on 15th September at Rs. 579 for February delivery.

The new crop trading ushered in the first revision of the Indian Cotton Contract since its inception in 1942. The principal changes were (i) raising the staple basis of fine Jarilla contract from $\frac{3}{4}$ " to 25/32" with tolerance of 1/32"; (ii) raising the staple basis of Broach to 25/36" with no tolerance ; (iii) lowering the staple basis of Westerns to 25/32" and Kumptas to 27/32", both with 1/32" tolerance ; (iv) including Dholleras and Kalagin cottons in, and excluding Pakistan cottons from, the tenderable varieties ; (v) abolition of up-country tenders except in the case of a bull squeeze ; (vi) restriction of tender months to four, viz., February, May, July and September ; (vii) restriction of tender days to seven from 7th to 15th of the delivery period ; and (viii) prohibition of fresh business from the 15th of the delivery month.

Egyptian Karnak prices suffered a further fall of about Rs. 450 per candy due to a larger crop and decrease in export demand.

Pakistan announced its cotton policy for the new 1948-49 season, the main feature of which was the licensing, on a quota basis, for every exporter and destination.

October.—During the month, prices made a slight recovery. The announcement of the Government's plan to fight inflation was well received by the market. The tightening supply position, dwindling stocks, lower crop estimates, and reports of unsatisfactory quality of the coming crop helped to boost up prices.

A satisfactory solution for implementing the Indo-Pakistan Cotton-Cloth Agreement was arrived at by India agreeing to import from Pakistan 3 60,000 bales out of the total quota of 6,50,000 bales of cotton for the period ending 31st January 1949.

A notable feature of the month was the visit to India of Mr. T. J. Porritt, Vice-Chairman of the United Kingdom Raw Cotton Commission, to discuss with the Government of India the possibility of joint purchases of long-staple foreign cottons on an international plane with a view to eliminate competition between the two countries, and to ensure fair prices to sellers of cotton within the sterling areas.

The prices of I.C.C. for February delivery ranged between Rs. 575 to Rs. 602.

November.—Due to the scarcity of supplies and growing demand by mills, cotton prices were inclined to be more firm during the month, and the contract rate moved between Rs. 596 and Rs. 606 for February delivery.

The price of Egyptian Karnak Type 154 fell to about Rs. 1,800 per candy in the first part of the month, which was the lowest since early January. There was a slight recovery, however, at the end of the month, and Type 154 was quoted at Rs. 2,100.

December.—The difficulties experienced by mills in securing adequate quantities of the required styles of Indian cotton at ceiling prices compelled many mills to start direct *kapas* purchases in the cotton-growing centres.

The Madhya Bharat Government banned the export of cotton from the Central India tract in order to conserve supplies for the cotton mills in that region.

The February contract reached the ceiling of Rs. 620.

A bright feature of the month was the success of the Indian Delegation to East Africa in securing the expected quantity of about 2,00,000 bales of East African cotton. The purchase price came to approximately Rs. 1,375 Bombay Dock delivery for B.P. 52 which, though higher than the previous year's, was considered to be satisfactory in relation to world prices for similar staples.

Actual cotton was increasingly difficult to obtain, and was sold openly at prices well above the Government ceilings.

The year closed with I.C.C. being quoted at Rs. 620 for February delivery, Rs. 616-12-0 for May, and Rs. 617-4-0 for July. New York Futures on 31-12-48 stood at 32.33 cents for March, 32.13 cents for May, 31.10 cents for July, and 28.58 cents per lb. for October delivery.

CLOTH AND YARN.

The year commenced with the same controls regarding prices and distribution of cloth and yarn as in 1947, but in accordance with the Government of India's policy of progressive decontrol, restrictions on the production and distribution of cloth and yarn were removed on 20th January 1948. The Cloth Standardisation Scheme introduced towards the end of 1947 to

increase production was withdrawn, due to difficulties in securing supplies of long-staple cottons from Pakistan, and in order to permit mills greater flexibility in their manufacturing programmes. Government allowed mills to increase the prices of their products to partially offset the sharp rise in the cost of cotton; and the industry, on its part, gave an undertaking to Government to fix reasonable prices and to reach the production targets. The Bombay and Ahmedabad Millowners' Associations were asked by Government to exercise a voluntary control on the prices of cloths and yarns manufactured by their members. A cess was imposed by Government on all stocks of cloth and yarn held by mills and quotalholders on 31st December 1947 or 20th January 1948, whereby the difference between the old and new prices on all such stocks had to be paid into the Government Treasury. The Equalisation Fund was closed, and the surcharge on cloth and yarn abolished. The system of distributing cloth through quotalholders was also done away with, and goods were allowed to be distributed through the normal trade channels to facilitate movement of cloth to the largest possible extent. A reservation, however, was made by Government to the effect that 25 per cent. of the production of each mill was to be placed at the disposal of the Textile Commissioner for a period of one month at a time to relieve any local shortages. Mills were also asked to set up fair price shops in deficit areas. Control on the distribution of yarn was maintained in the interests of the handloom weavers; whilst the existing controls over the distribution of machinery, mill stores, dyes and chemicals, and export of cloth continued to operate.

Following the decision of the Government of India to relax existing controls over cotton cloth, the Government of Bombay cancelled the various orders relating to the sale and distribution of piecegoods in the Province, and the Cloth Rationing Scheme was abolished from 1st February.

The enquiry into the revision of prices of cloth and yarn referred to the Tariff Board was allowed to continue, but the terms of reference were slightly amended in March. The Board was asked to look into the cost of production for the purpose of fixing fair ex-mill prices, and to devise a scheme for the adjustment of prices of cloth and yarn to allow for major fluctuations in the rates of raw materials and other elements in the cost of production. On the recommendation of the Tariff Board, the export duty of four annas per sq. yard on cloth was increased to an *ad valorem* duty of 25 per cent. whilst the duty of six annas per lb. on cotton yarns was withdrawn.

Towards the latter part of March an agreement was arrived at between Pakistan and India for the exchange of cotton for cloth on the basis of 20 bales of Pakistan cotton for 12 bales of Indian cloth. The Government of India also made an *ad hoc* allotment of 25,000 bales of cloth to Pakistan against cotton already received in India.

On 25th April Government removed even the voluntary restrictions regarding the stamping of ex-mill and retail prices, and the control on the distribution of yarn which had so far remained in force. A warning was, however, administered to all concerned that Government would watch the situation closely for a few months, and if the prices did not show a downward

trend they would take immediate measures to make cloth available to consumers at reasonable prices.

Towards the middle of May, the Textile Control Board was replaced by a new Textile Advisory Committee to advise Government from time to time on cotton textile policy and on various matters pertaining to the prices and distribution of cloth and yarn.

- Notwithstanding the repeated warnings of Government, cloth prices rose to abnormally high levels till about the middle of May, but declined slightly towards the end of the month and in June and July due to lack of transport and the weak holders re-selling their purchases. As, however, matters did not materially improve, the Government of India reimposed controls on 31st July. The nature of the control was more drastic and complete than before. Stocks with mills were again frozen. They were asked to submit complete inventories to the Textile Commissioner, and to price-stamp their entire stocks at the new low *ad hoc* prices. Merchants were, however, permitted to sell their own stocks and were given time upto 31st October to dispose
- of their holdings, which was later extended to 30th November. The distribution of cloth through the normal trade channels was discontinued, and this
- work was entrusted to the Provincial Governments who were assigned quotas to be purchased through permit holders.

As a result of the new controls, Bombay and Ahmedabad merchants, who had acted as distributors of cloth and yarn all over the country, were put out of trade. Strong representations made to the Government by the Merchants' Associations in both these cities did not meet with any adequate response. Government's new policy in the beginning caused considerable delay in mills obtaining release orders and this, accentuated by transport difficulties, resulted in mills having to carry from 2½ to 6 and even more months' production of cloth and yarn on hand.

Rationing of cloth was reintroduced in Bombay from 1st December 1948 and the quota was fixed at 20 yards per head per annum.

- The Government of India introduced a fresh scheme for the standardisation of cloths and further amended the ceiling prices to take effect from 1st January 1949. The new cloth production control is calculated to result in the elimination of non-durable qualities of cloth, and to restrict variety—largely to plain grey or bleached utility cloth. Apart from the question of whether the range of cloths will satisfy public taste, the production control faces grave difficulties from the shortage of suitable cotton in India this
- season.

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ELECTION OF CHAIRMAN OF THE ASSOCIATION FOR 1949.

The ballot for the election of the Chairman of the Association for the year 1949 was held on 10th January 1949 and resulted in the election of **Sir Vithal Chandavarkar, Kt.**, Managing Director of Messrs. N. Sirur & Co., Ltd., Managing Agents of the Mysore Spinning and Manufacturing Co., Ltd., the Minerva Mills Ltd., and the Modern Mills Ltd.

ELECTION OF DEPUTY CHAIRMAN OF THE ASSOCIATION FOR 1949.

The ballot for the election of Deputy Chairman of the Association for the year 1949 was held on 17th January 1949 and resulted in the election of **Mr. Neville N. Wadia** of Messrs. The Bombay Dyeing and Manufacturing Co., Ltd., Bombay.

ELECTION OF THE COMMITTEE FOR 1949.

The ballot for the election of the 18 members of the Committee for the year 1949 was held on 24th January 1949 and the following gentlemen were duly elected :—**Mr. T. V. Baddeley, C.B.E.**, **Mr. Dharamsey Mulraj Khatau**, **Mr. A. Pether**, **Mr. Krishnaraj M. D. Thackersey**, **Mr. J. C. Burns**, **Mr. Navinohandra Mafatlal**, **Mr. G. D. Somani**, **Mr. J. C. Lancashire**, **Mr. L. F. H. Goodwin, O.B.E.**, **Mr. H. G. H. Everitt**, **Mr. Ramnath A. Podar**, **Mr. Bhagvandas C. Mehta, M.L.A.**, **Mr. Radhakrishna Ramnarain**, **Mr. M. L. Tapuriah**, **Mr. S. P. Jain**, **Mr. E. D. Sheppard**, **Rai Bahadur R. D. Bagla**, and **Mr. Rameshwarlall Nopany**.

ASSOCIATION'S REPRESENTATIVES ON VARIOUS BODIES AND COMMITTEES.

During the year under review, the following appointments were made to the various bodies and committees on which the Association is represented :

Back Bay Reclamation Scheme—Standing Advisory Committee.	Sir Vithal Chandavarkar, Kt., for a period of three years from 1st August 1948.
Bombay Municipal Corporation	Mr. Ramnath A. Podar.
Elphinstone Technical High School, Bombay—Advisory Board.	Mr. Foster Guthrie for the triennium commencing from 1st April 1948.
G.I.P. Railway Local Advisory Committee	Mr. Krishnaraj M. D. Thackersey for the triennium commencing from 1st June 1948.
Indian Central Cotton Committee	Mr. Bhagvandas C. Mehta, M.L.A., for the triennium commencing from 1st April 1948.
Indian Central Cotton Committee—Technological Research Sub-Committee.	Mr. Neville N. Wadia and Mr. B. D. Kulkarni for a period of one year from 1st April 1948.

Sydenham College of Commerce and Economics—Advisory Board.

Mr. B. S. Dabke for the triennium commencing from June 1948.

Textile Trade Marks Advisory Committee

Mr. Dharamsey Mulraj Khatau, Mr. Neville N. Wadia and Mr. A. Pether for a period of two years from August 1948.

THE BOMBAY CITY ADULT EDUCATION COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Towards the middle of December, the Government of Bombay requested the Association to nominate a representative on the reconstituted Bombay City Adult Education Committee. The Committee appointed Mr. R. G. Gokhale, the Association's Labour Officer, as the Association's representative on the Bombay City Adult Education Committee.

RAIL TRANSPORT—REGIONAL ADVISORY COMMITTEE.

ASSOCIATION'S REPRESENTATIVE.

Towards the latter part of March, the Government of India decided to set up Regional Advisory Committees at various centres so as to establish a link between railways and those concerned with the movement of commodities with a view to make the best use of available transport resources. The Committee at Bombay was to consist of the Regional Controller of Railway Priorities (Convener); the Chief Traffic Manager or Traffic Superintendent, B.B. & C.I. Railway; the Chief Transportation Superintendent or Deputy Chief Transportation Superintendent, G.I.P. Railway; the Regional Food Commissioner, Bombay or his representative; the Textile Commissioner or his representative, a representative of the Government of Bombay, and a representative each of Indian Merchants' Chamber, Millowners' Association, Grain Merchants' Association, Bombay Chamber of Commerce and a representative of Primary (Agricultural) Producers of the area. In brief, the Committee was required, having regard to the capacity taken up by sponsored movements, to scrutinise demands for transport from day to day regarding unsponsored movements within the priority classes, and all commodities not included in the schedule, and advise how best they could be met.

The Association was invited to nominate a representative on the proposed Advisory Committee for the Bombay Region. The Committee appointed the Secretary of the Association as the Association's representative.

THE BOMBAY, CALCUTTA AND MADRAS PORT TRUSTS (CONSTITUTION) (AMENDMENT) BILL, 1948.

ASSOCIATION'S REPRESENTATION ON THE BOMBAY TRUST.

(See also pages 10 and 123 of Report for 1947.)

Reference was made on page 10 of the Association's report for 1947 to the Association's case for increased representation on the Bombay Port Trust.

A Bill further to amend the Bombay Port Trust Act, 1879, was introduced in the Constituent Assembly of India (Legislative) early in February, 1948, by the Hon'ble Mr. R. K. Sidhwa. The statement of objects and reasons attached to the Bill read :

"The amendment of Bombay Port Trust Act is overdue and in view of the Dominion of India being attained, it becomes more necessary to amend the Act. The main object of this Bill is to amend its constitution, increase the number of elected trustees and the Chairman to be elected by the Board, instead of salaried Chairman to be nominated by the Government. To replace the salaried Chairman, a provision has been made in the Bill to appoint a Chief Executive Officer whose salary shall be fixed by the Board.

At present the meetings of the Board are being held *in camera*. Section 9 provides that all meetings should be open to the Press and the Committee meetings should be held *in camera*. It is also proposed that the term of the Board shall be three years instead of two at present."

According to the Bill, the Board of Trustees was to consist of 23 members, 20 being elected and 3 nominated by Government. The Bill proposed to allot to the Bombay Chamber of Commerce and the Indian Merchants' Chamber two and nine seats respectively. The Association was, however, allotted only one seat which, the Committee felt, fell far short of the real needs of the case as measured by the stake which the Association and its members had in the City and the Province of Bombay.

The Bill further proposed to have an elected honorary Chairman and Deputy Chairman from among the elected members of the Board. Under the present arrangement, the Chairman of the Board, who is also the chief executive officer, is nominated by Government, the nomination being made after careful consideration of the candidate's experience, qualification, administrative ability, etc. This arrangement had been working well from every point of view and the Committee, therefore, suggested that it should be continued. Since the Board would be called upon to deal with very important issues involving colossal sums of money, a knowledgeable and experienced chairman was a vital necessity if costly errors were to be avoided. A chairman who owed his election to party politics need not be expected to be independent and impartial in the exercise of his functions; nor could it always be taken for granted that only the best qualified man would be returned. That apart, in view of the huge capital vested in the Board of Trustees, Government had also a responsibility towards the taxpayer and should, therefore, ensure that the administration of the Trust was in efficient and capable hands. The Committee, therefore, submitted to Government that this responsibility could be adequately discharged only if Government had the right to nominate the Chairman and/or the Deputy Chairman of the Board.

This Bill was, however, not proceeded with.

An official Bill to amend the constitution of the Port Trusts of major ports of Bombay, Calcutta and Madras, was introduced in the Constituent Assembly of India (Legislative) early in April, by the Hon'ble Minister for Transport. The statement of objects and reasons attached to the Bill read :

"There has lately been persistent demand for the reconstitution of the major Port Trust Boards in order to secure an increased representation thereon of Indian commercial

interests. The amendment of the constitution of these Boards has also become necessary as a result of recent political changes in the country. The main object of the Bill accordingly, is to provide for increased representation of commercial interests. Opportunity has been taken to provide for increased representation of labour and to secure some uniformity in the representation granted to the Provincial Governments concerned, the Defence Services, the Customs Authorities, the Mercantile Marine Department, the Railways and the Municipal Corporations.

Representation of the various commercial interests on the Port Trust Boards is not actually specified. In the interests of flexibility, it is left to the Central Government to arrange for the actual representation by executive orders."

The Bill proposed that the Board should consist of 24 members including the Chairman, of which 13 should be elected and 10 nominated. Out of the 13 elected trustees, one would be elected by the Municipality and the remaining would represent such commercial or local bodies as the Central Government might, from time to time, specify by notification. The Committee submitted that when reconstituting the Board in the light of the provisions contained in the Bill, Government should bear in mind the desirability of according representation to the Association commensurate with the stake held by the Association and its members in the City and Province of Bombay.

The Bill came up for discussion before the Assembly towards the latter part of August and was passed with the incorporation of certain amendments regarding an increase in the number of elected trustees on the Boards of the Port Trusts. It received the assent of the Governor General on 31st August 1948. (*Appendix 1.*)

INDIAN STANDARDS INSTITUTION—GENERAL COUNCIL.

ASSOCIATION'S REPRESENTATIVE.

(*See also page 65 of Report for 1946.*)

Reference was made on page 65 of the Association's report for 1946 to the establishment of the Indian Standards Institution.

Under the original constitution of this Institution, only one member was to be elected to represent sustaining members on the General Council of the Institution. According to the constitution, revised in February 1948, the sustaining members' representation on the General Council was raised to four. Election for the three additional seats was held early in May, and the Association secured the highest number of votes. Mr. N. S. V. Aiyer, Secretary of the Association, is the Association's official representative on the General Council.

REPRESENTATION ON THE INDIAN COUNCIL OF AGRICULTURAL RESEARCH, NEW DELHI.

Early in September the Secretary to the Indian Council of Agricultural Research, New Delhi, informed the Association that under the Rules and Regulations of the Council, two representatives of the business community in India were to be appointed members of the Council and its Governing Body to hold office for three years. The Association was requested to send names of two suitable representatives for inclusion in the panel of names to be considered by Government for purpose of nomination on the Council. The Committee suggested the names of Sir Vithal Chandavarkar and Mr. Bhagvandas C. Mehta.

REPRESENTATION ON THE ALL-INDIA BOARD OF TECHNICAL STUDIES IN TEXTILE TECHNOLOGY.

(See also page 12 of Report for 1945.)

Reference was made on page 12 of the Association's report for 1945 to the appointment of Mr. Dharamsey Mulraj Khatau as the Association's representative on the All-India Board of Textile Studies. The position of the Boards of Studies working under the auspices of the Association of Principals of Technical Institutions, was examined by the All-India Council for Technical Education, at its inaugural meeting held at New Delhi towards the end of April 1946, and it came to the conclusion that in order to secure the diplomas and certificates awarded by the Boards of Studies an all-India recognition, it would be desirable to set up these Boards under the auspices of the Council itself. In pursuance of the Council's decision, Government set up, early in June 1946, All-India Boards of Technical Studies for (1) Engineering and Metallurgy, (2) Architecture and Regional Planning, (3) Commerce, Business Administration and Economics, (4) Chemical Engineering and Technology, (5) Textile Technology, and (6) Applied Art. The Chairmen and members of the Boards constituted by the Association of Principals of Technical Institutions (India) continued to serve on the corresponding Boards of Technical Studies of the All-India Council of Technical Education till the end of 1947.

Early in November 1947, Government proposed to reconstitute all the Boards of Technical Studies for a period of three years commencing from 1st January 1948, and requested the Association to recommend a person for nomination on the All-India Board of Technical Studies in Textile Technology. Government stated that other Millowners' Associations had also been addressed and that out of the panel of names thus formed, final selection would be made by the co-ordinating Committee of the All-India Council for Technical Education. The Committee recommended the name of Sir Vithal Chandavarkar. Nothing further transpired in this matter until April 1948 when at a meeting of the All-India Council, it was decided that for the first reconstitution of Boards taking place in 1948, the All-India Organisation of Industrial Employers should nominate representatives on the Boards relating to Architecture and Regional Planning, Engineering and Metallurgy, and

Applied Art while the Employers' Federation of India should nominate representatives on the Boards relating to Chemical Engineering and Technology, and Textile Technology.

The Committee suggested the name of Sir Vithal Chandavarkar for appointment as the Federation's representative on the All-India Board of Technical Studies for Textile Technology. (*Appendix 2.*)

MEMBERSHIP OF THE ASSOCIATION.

The total membership of the Association at the end of 1948 was 158 as against 152 at the beginning. The undermentioned 11 mills were elected members during the year :

1. The Madras Spinning and Weaving Mills Co., Ltd., Madras.
2. The Shri Balaji Spinning, Weaving and Oil Mills (Proprietor : Mr. Chogalal Jayanarayan Ladda), Sangli.
3. The Marathe Textile Mills (Proprietor : Mr. Govind Balwant Marathe), Miraj.
4. The Mewar Textile Mills Ltd., Bhilwara.
5. The Hind Mills Ltd., Bombay.
6. The Kesoram Cotton Mills Ltd., Calcutta.
7. The Technological Institute of Textiles, Bhiwani.
8. The Nagpal Woollen Mills (Proprietors : Messrs. Karamchand Thadaram), Bombay.
9. The Mafatlal Fine Spinning and Manufacturing Co., Ltd., Navasari.
10. The Swastik Textile Mills Ltd., Bombay.
11. The Prakash Cotton Mills, Ltd., Bombay.

The following mills resigned from the Association :

1. The Sultania Cotton Manufacturing Co., Ltd., Bombay.
2. The Hyderabad (Deccan) Spinning and Weaving Co., Ltd., Secunderabad (Deccan).
3. The Sulej Cotton Mills Ltd., Okara (Punjab).
4. The Kotah Textiles Ltd., Kotah Junction.

The David Mills Co., Ltd., Bombay, went into liquidation.

The Jiyajeerao Cotton Mills Ltd., Gwalior, which had resigned earlier in the year, rejoined later in the year.

DONATIONS.

At the Annual General Meeting of the members of the Association held on Friday the 2nd April 1948, the following donations were sanctioned and paid out of the Association's funds :

	Rs.
The Victoria Jubilee Technical Institute	2,500
The Police Comforts Fund .. . ,	1,000
The Textile Technical School	700
The Sir J. J. Hospital Poor Box	400
The K. E. M. Hospital Poor Box	400
The Naigaum Social Service Centre	350
The Maharashtra High School	250
The Goculdas Tejpal Hospital Poor Box	200
The Bombay Textile and Engineering Association	200
Total ..	6,000

AUDITORS OF THE ASSOCIATION.

At the Annual General Meeting of members of the Association held on Friday the 2nd April 1948, Messrs. A. F. Ferguson & Co. were appointed as the Association's Auditors for the year 1948 on a remuneration of Rs. 500 per annum.

SIR SORAB SAKLATVALA.

At an urgent meeting of the Committee held on the 19th October 1948, the following resolution was unanimously passed, all members standing :

" The Committee of the Millowners' Association, Bombay, are deeply grieved to hear of the sad and sudden demise of Sir Sorab Saklatvala

Sir Sorab Saklatvala joined the Committee of the Association in 1922, and continued to be an active member till his death on 18th October 1948. He was elected Deputy Chairman of the Association in 1923 and Chairman in 1924, and was largely responsible for the establishment of a separate secretariat of the Association, and for the inauguration of the Millowners Mutual Insurance Association. He took a very prominent and active part in initiating a country-wide propaganda, which finally culminated in the abolition of iniquitous Cotton Excise Duty. Jointly with the late Sir Frederick Stones, he appeared before the Fawcett Enquiry Committee in 1928-29 on behalf of the Association, and produced a scheme of standardisation of wages and standing orders for operatives. He represented the Association on the Indian Central Cotton Committee from its inception, and on the Bombay Legislative Assembly from 1934 to 1947.

Sir Sorab Saklatvala compiled the history of the Association, surveying the activities of the Association from its inception in 1875 upto 1932. His place in the Industry and the Association, it will be very difficult to fill.

Resolved that the Committee's high appreciation of the very valuable services rendered by the late Sir Sorab Saklatvala to the Indian Cotton Textile Industry in general and to the Millowners' Association in particular be placed on record.

Further resolved that the Committee's condolences be suitably conveyed by the Chairman to Lady Saklatvala, other members of the family, and to Messrs 'Tata Sons, Ltd.'

DEATH OF MAHATMA GANDHI.

At an urgent meeting of the Committee held on Monday, the 2nd February 1948, the following resolution was unanimously passed, all members standing :

" The tragic death of Mahatma Gandhi is not only a national loss but a loss to mankind. To lose the father and architect of our freedom so soon after achieving independence has deprived the country of his advice and guidance in truly achieving the fruits of freedom. The Committee of the Millowners' Association, Bombay express their profound sense of sorrow at the passing away of Mahatma Gandhi. His was a life dedicated wholly and solely to the service of the nation and mankind. He won universal respect for his search after Truth and his noble ideals. Mahatma Gandhi was undoubtedly the greatest man of the age, and his saintly life evoked affection, respect and admiration from all people. Death, our inexorable master, has unfortunately taken him away from us but his lofty ideals, his teachings, his gospel of Truth and his dedication to service, will be the guiding principles for all men and for all time to come "

GANDHI NATIONAL MEMORIAL FUND DONATIONS (COMPANIES) ACT, 1948.

Early in August, a Bill to enable companies to make donations to the Gandhi National Memorial Fund was introduced in the Constituent Assembly of India (Legislative) by the Honourable Minister for Relief and Rehabilitation. The statement of objects and reasons attached to the Bill read :

" It has been represented that the absence of enabling provisions in the Memoranda of Association of certain companies precludes them from making donations to charitable and public funds such as the Gandhi National Memorial Fund, not closely connected with or incidental to the objects for which the companies may have been formed. The amendment of such memoranda with a view to incorporating such provisions will, in the ordinary course, be a long process, and in some cases involve considerable expense. It is desirable that such companies as are anxious to contribute to the Gandhi National Memorial Fund but are unable to do so in terms of their memoranda or articles of association should be enabled by law to make such donations. The scope of the Bill is strictly restricted to cover such donations to the Gandhi National Memorial Fund only "

The Bill was passed by the Assembly, and received the assent of the Governor-General on 31st August 1948.

DONATIONS TO MAHATMA GANDHI MEMORIAL FUND—EXEMPTION FROM INCOME-TAX.

Towards the latter part of October, the Government of India in the Ministry of Finance issued a notification containing a list of institutions and funds approved by the Central Government for the purpose of sub-section (1) of section 15B of the Indian Income-tax Act in the matter of certain concessions from income-tax on donations to approved institutions. The Gandhi National Memorial Fund was one of the approved funds.

CONTRIBUTIONS BY MEMBERS TO THE MAHATMA GANDHI MEMORIAL FUND.

Appeals for contribution to the Memorial Fund were issued to members over the signatures of the Chairman of the Association and Mr. Krishnaraj M. D. Thackersey, which brought in about Rs. 91 lakhs upto 31st January 1949. Further contributions are also expected.

MEETING WITH THE HON'BLE DR. SYAMA PRASAD MOOKERJEE, MINISTER FOR INDUSTRY AND SUPPLY.

Towards the latter part of September 1948, the Committee took advantage of the visit to Bombay of the Honourable Dr. Syama Prasad Mookerjee, Minister for Industry and Supply, in connection with the meeting of the Textile Advisory Committee, and discussed with him matters relating to the textile policy of Government.

MEETING WITH THE CHIEF COMMISSIONER AND FINANCIAL COMMISSIONER OF RAILWAYS.

The Chief and the Financial Commissioners of Railways, visited Bombay towards the latter part of September and met the Committee of the Association and discussed with them matters relating to transport of cotton, cloth and yarn.

MEETING WITH THE JAPANESE TRADE MISSION.

A Trade Mission from Japan consisting of Mr. W. R. Eaton (leader), Mr. R. Donaldson, Mr. Keizdo Sukui, Mr. Sunuihiko Saki and Mr. Takenosuke Sugihara, sponsored by the S.C.A.P. arrived in India early in May 1948. The Committee of the Association, met the members of the mission and discussed with them matters relating to the Indo-Japanese trade.

INDIAN TRADE MISSION TO JAPAN.

Towards the latter part of June 1947, a Trade Mission was sent by the Government of India to Japan, with Mr. Tulsidas Kilachand (leader), and Mr. R. D. Ashar, Mr. Abu N. Futehally, Mr. N. P. Hotheesing, Mr. P. M. Chinai, Mr. J. P. Patel (members) and Mr. T. P. Barat (Secretary). The terms of reference of the Mission were :

- (1) To complete arrangements for the sale of raw cotton to Japan and for the import of cotton cloth, cotton yarn, rayon silk and rayon fabrics, raw silk, textile machinery and mill-stores, etc., therefrom.

- (2) To arrive at satisfactory arrangements for the sale and purchases of such commodities as are to be traded on Government-to-Government basis.
- (3) To secure for India a substantial share of those commodities which are likely to be available for export.
- (4) To ascertain what progress has been made with regard to proposals for the resumption of private trade with Japan and what steps could usefully be taken by the Government of India to this end.
- (5) To secure that, in the event of private trade being resumed, a suitable share of such trade is secured for India.
- (6) To advise generally as regards the measure required for the rehabilitation and development of India's trade with Japan.

The mission returned to India early in September 1947. The report of the mission was published by Government early in June 1948.

AMENDMENT OF THE CITY OF BOMBAY MUNICIPAL ACT.

(See also page 15 of Report for 1947.)

Reference was made on page 15 of the Association's report for 1947 to the amendment of the City of Bombay Municipal Act, 1888, regarding water tax.

Towards the latter part of September, a Bill to amend the City of Bombay Municipal Act, 1888, and the City of Bombay Municipal (Supplementary) Act, 1888, was introduced in the Bombay Legislative Assembly by the Hon'ble Minister for Local Self-Government. The Bill proposed, among other things, the enhancement of the maximum limit for general tax, appeal to the High Court in the matter of assessment from the decision of the Chief Judge of the Small Causes Court. Relevant extracts from the statement of objects and reasons attached to the Bill are reproduced below :

16. *Clause 18.*—Under section 140(c) of the City of Bombay Municipal Act, 1888, the maximum rate at which general tax may be levied by the Bombay Municipal Corporation is 17 per cent. of the rateable value of properties. The rate at which the tax is being levied at present is 14 per cent., leaving a margin of only 3 per cent. for meeting emergency expenditure or for financing further development. On the basis of existing rateable values, this represents a potential annual income of Rs. 48 lakhs or so which is considered insufficient in view of the very great increase in unavoidable current expenditure and development programme contemplated by the Corporation. It is, therefore, proposed to raise the maximum limit for general tax to 21 per cent.

17. *Clauses 19 and 31.*—Under section 158 of the City of Bombay Municipal Act, 1888, a draw-back of property tax in respect of properties containing several buildings which are treated as a single property for the purpose of assessment is payable when vacancies occur in individual buildings. Returns of vacancies are required to be submitted in support of claims for draw-back but it has been found that in practice many false or inaccurate returns are submitted. As the returns are submitted a considerable time after the occurrence of the vacancies, it is difficult for the municipal staff to check their accuracy. At present

the only action open to the Municipality is to reject a claim for draw back if the return is found to be false. It is now proposed to penalise the submission of an incomplete or false return.

20. *Clauses 23, 24, 37 and 43*—The object of these clauses is to provide for an appeal to the High Court in, and to introduce certain other provisions in connection with, proceedings relating to the assessment of properties to municipal taxes in the City of Bombay.

Under the City of Bombay Municipal Act, 1888, assessments of property for the purpose of municipal taxation are fixed in the first instance by the Municipal Commissioner. Section 217 of the Act provides for an appeal against any rateable value or any tax fixed or charged under the Act to the Chief Judge of the Small Causes Court, who under the provisions of Act XII of 1888, is empowered, if he thinks fit to refer a question of law for the decision of the High Court. Advantage is rarely taken by the Chief Judge of his power to refer a point to the High Court, and the decision of the Chief Judge on questions of assessment, when no such reference is made, is final and is not subject to review by the High Court.

The growth of the city since the passing of the City of Bombay Municipal Act, 1888, has brought into existence a great many special classes of industrial and other properties, in regard to which intricate and difficult questions of rating law, including questions of exemption from rates, arise. There has also been a great development in the law of rating in the United Kingdom on which the provisions of the City of Bombay Municipal Act, 1888, are based, and the subject is in certain aspects one of the most difficult upon which Courts of law are required to adjudicate. As the same considerations arise in rating all properties of the same class, any decision by the Chief Judge upon a question of principle must have far-reaching consequences in the rating of similar properties in the City, and the issues involved extend beyond the ordinary jurisdiction of the Court of Small Causes. The existing provisions of the Act are, therefore, no longer adequate, and a legislation is necessary to enable the important questions on the principles and law of rating which arise in connection with the assessment of properties in the city to be brought before the High Court by reference and on appeal.

In view of these considerations, provision is made for a reference to the High Court on a question of law being made by the Chief Judge on the application of any party to an assessment appeal. Provision is also made for an appeal to the High Court from any decision of the Chief Judge fixing a rateable value in excess of Rs. 2,000, and for an appeal on a question of law to the High Court against any other decision of the Chief Judge in regard to a rateable value or a tax fixed or charged under the Act.

As questions which can only be dealt with by expert valuers frequently arise in assessment appeals and such questions may often be advantageously referred to arbitration or decided in the light of a report by an independent expert, provision has also been made (1) enabling the parties to an assessment appeal before the Chief Judge to refer the matters in dispute to arbitration, and (2) empowering the Chief Judge on the application of any party to an appeal to appoint an independent valuer to make a valuation of the premises, and give evidence if called upon to do so.

21. It is considered desirable, in the interests of occupants of residential buildings or of neighbouring residential buildings, to control the conversion of such buildings wholly or in part for non-residential purposes. The proposed new section will prohibit the use of residential premises for non-residential purposes without permission, or the alteration of buildings to facilitate such use. The frequent occurrence of fires in residential localities owing to the use of residential buildings for factories and for storage of dangerous materials stresses the urgency of these amendments.

27. *Clause 39*—It has been found necessary to revise the maximum rates for levy of the tax on vehicles and animals given in Schedule 6 to the City of Bombay Municipal Act, 1888, in view of a rise of more than 300 per cent. in the cost of road maintenance since 1938-39. A revision of the classification of motor vehicles in conformity with that adopted in the Bombay Motor Vehicles Act, 1935, and the Motor Vehicles Act, 1939, and the inclusion

of new types of vehicles such as trailers and cycle-rickshaws has also been found desirable. It is further proposed to classify vehicles into those with pneumatic tyres and those without in place of the existing classification into those with rubber tyres and those without. Such a classification will, it is hoped, encourage the use of bullock carts with pneumatic tyres.

The revised maximum rates involve an increase of between 50 per cent., and 100 per cent. in the case of motor vehicles while little or no increase is proposed in the case of vehicles and animals, the actual rates to be levied in any particular year will, however, be fixed by the Corporation under section 128 of the City of Bombay Municipal Act, 1888. It is estimated that, if the tax is levied at the maximum rates the Municipality will receive an additional annual income of about six lakhs of rupees."

The Bill was passed by the Assembly and received the assent of the Governor-General early in January 1949.

INDIAN ELECTRICITY RULES.

PROPOSED REVISION.

(See also page 60 of Report for 1946.)

Reference was made on page 60 of the Association's report for 1946 to the Committee's representation to the Government of Bombay, and the subsequent conference with representatives of Government, in connection with the mills' difficulties in complying with the provisions of the amended rule 62, sub-rules (2) and (3), of the Indian Electricity Rules, especially with regard to existing installations.

Early in July 1948, the Electrical Commissioner to the Government of Bombay informed the Association that the Central Electricity Board had appointed a Technical Advisory Committee for the purpose of revising the Indian Electricity Rules and bringing them in line with the modern practices adopted in electrical engineering. As a member of that Committee, he desired to know from the Association if any difficulties were being experienced by mills in complying with any particular provisions of the rules, and if so, the particular rules which were observed to be of restrictive nature in actual practice. The Committee reiterated the difficulties experienced by member mills in remodelling their existing sub-stations as prescribed in the amended sub-rules (2) and (3) of rule 62.

The Committee also requested the Central Electricity Board to accord to the Association a seat on the Technical Advisory Committee appointed by the Board, in view of the fact that the Association, with a membership covering over 52 per cent. of the productive capacity of the Indian cotton textile industry, represented a major section of large-scale consumers of electricity, and as such, was in an eminent position to represent the interests of this class of consumers. Early in August, the Central Electricity Board replied stating that the Technical Advisory Committee was composed of either members of the Board itself, or their technical advisers and the Association could not, therefore, be given representation thereon. The Board, however, stated that the Advisory Committee would take evidence from the affected parties before submitting its report. (*Appendix 3.*)

PRICE OF FURNACE OIL.

(See page 19 of Report for 1947.)

Reference was made on page 19 of the Association's Report for 1947 to the alterations in the price of furnace oil made by Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India, Ltd., from time to time, during 1947. The following further alterations in the price of furnace oil were made by Messrs. The Burmah-Shell Oil Storage and Distributing Co. of India Ltd., in 1948 :

Rs	a		
91	15	per ton of 2,240 lbs., delivery at mills within Bombay City Municipal limit with effect from..	1st January, 1948.
97	7		15th January, 1948.
97	12		15th February, 1948.
99	8		15th April, 1948.
94	2		15th May, 1948.
100	10		15th June, 1948.
97	3		30th August, 1948.
90	10		1st October, 1948.
94	11		1st November, 1948.
89	10		15th December, 1948.

BOMBAY COTTON CONTROL (REPEAL AND RE-ENACTMENT) ACT, 1947.

(See also page 43 of Report for 1936.)

A Bill to repeal and re-enact the Bombay Cotton Control Act, 1942, was introduced in the Bombay Legislature by the Minister for Agriculture, early in October 1947. The statement of objects and reasons attached to the Bill read :

" Under sub-section (4) of section 93 of the Government of India Act, 1942, any law made by the Governor during the section 93 regime continues to have effect until two years have elapsed from the date on which the Proclamation ceases to have effect unless sooner repealed or re-enacted by Act of the Provincial Legislature. It is considered desirable to put the Bombay Cotton Control Act, 1942, made during the section 93 regime permanently on the Statute Book with certain modifications, namely, prohibiting the mixing of one standard cotton with any other standard cotton and permitting factories to mix prohibited varieties of cotton or one standard cotton with any other standard cotton, provided such mixed cotton is exclusively used in the manufacture of yarn or cloth."

The Bill was passed by the Legislature and received the assent of the Governor-General on the 23rd January 1948.

BOMBAY FORWARD CONTRACTS ACT, 1947.

(See also page 24 of Report for 1947.)

Reference was made on page 24 of the Association's report for 1947 to the Bombay Forward Contracts (Control) Act, 1947.

This legislation was brought into force by the Government of Bombay in the whole of the Province in its application to cotton (full-pressed, half-pressed or loose) with effect from 1st April 1948. Under sub-section (1) of section 9 of the Act, all options in cotton were declared illegal throughout the Province. With regard to ready delivery contracts, Government, in pursuance of section 2 (9) of the Act, prescribed a time limit of seven days after the date of contract, for the delivery of and payment for cotton; prohibited the transfer to third parties of the delivery order, railway receipt or bill of lading against the contract; and directed that the contract should specify the price of the cotton together with the qualities or types of cotton for which it was to be paid.

RECOGNITION AND BY-LAWS OF THE EAST INDIA COTTON ASSOCIATION.

In pursuance of section 3 (5) of the Bombay Forward Contracts (Control) Act, Government accorded recognition to the East India Cotton Association for the purpose of the Act, and sanctioned certain by-laws framed by the East India Cotton Association. These by-laws were published in the *Bombay Government Gazette* dated 1st April 1948.

REVISION OF HEDGE CONTRACT.

(See also page 33 of Report for 1942.)

Reference was made on page 33 of the Association's report for 1942 to the formulation of a revised Hedge Contract to suit war-time conditions.

Towards the latter part of May, 1948, the East India Cotton Association invited the Committee's views on a proposal to review the Indian Cotton Contract so as to meet the conditions of the post-war period.

The factors which necessitated a revision of the Hedge Contract in 1942 continued to operate on almost the same scale, but an additional factor had since emerged, viz., the partition of the country which rendered a large part of the tenderable crop into foreign cotton. The Committee thought that the basis to be adopted for the Indian Cotton Contract should give proper weightage to these factors and at the same time prevent, as far as possible, mixing of cotton, and bring nearer to reality the basis for fixation of spot rates.

The Committee recommended that the basis of contract should be 25/32" for Jarilla cotton with a tolerance of 1/32". They also made certain recommendations with regard to details like tenderable varieties of cotton,

standards and tolerances, adjudication procedure, up-country delivery, emergency by-laws, etc., etc.

The Hedge Contract was subsequently amended to the following extent :—

- (i) Staple length of 25/32" for Jarilla cotton was accepted with a tolerance of 1/32".
- (ii) The penalty for failure to tender cotton on due date was reduced from Rs. 25 to Rs. 7-8.
- (iii) The penalty in the case of bear^{*}raid was reduced from Rs. 50 to Rs. 15.

The revised Hedge Contract received sanction of the Government of Bombay, and trading in the new crop for the season 1948-49 was opened on the 15th September, 1948, subject to the floor and ceiling prices and other terms and conditions of trading, notified by the Textile Commissioner. (*Appendix 4.*)

APPOINTMENT OF PAID SURVEYORS BY THE EAST INDIA COTTON ASSOCIATION, LTD.

(See also page 23 of Report for 1947.)

Reference was made on page 23 of the Association's report for 1947 to a Press note issued by the Government of Bombay announcing their decision to appoint paid whole-time and sworn surveyors in connection with the survey and arbitration work of the East India Cotton Association. The following persons were subsequently appointed as paid surveyors by the East India Cotton Association with the approval of Government: (1) Mr. Framroze Darashaw Nanavati, (2) Mr. Hiralal Jannadas Mehta, (3) Mr. Chandrasen Dhanji, (4) Mr. Chhotalal Bhagwandas Joshi, (5) Mr. Tapidas Ranji Mehta, and (6) Mr. Nainsey Govindji.

REIMPOSITION OF CONTROL ON COTTON PRICES.

(See also page 38 of Report for 1947.)

Reference was made on page 38 of the Association's report for 1947 to the Government of India's policy of gradual decontrol of cloth and yarn which, *inter alia*, abolished the statutory floors and ceilings of raw cotton prices. In view of the unsatisfactory supply position of raw cotton in the country, Government, however, decided to prohibit the export of all raw cotton, except certain specified varieties, namely, Bengal Deshi, Oomra Deshi (excluding C.P. I and II), Mathia, Assams and Comillas. The export duty on cotton was also doubled. Subsequently, the export of Oomra Deshi raw cotton too was prohibited from the beginning of April, 1948. Notwithstanding these measures, cotton prices moved up touching new high levels consequent upon the removal of the statutory floors and ceilings. Towards the end of July 1948, control on production, distribution and prices of cloth

and yarn was reimposed and the Government resolution issued in this connection also indicated their intention of controlling the prices of Indian raw cotton in consultation with the Provinces and other interests concerned. Early in September, the statutory floors and ceilings in respect of various descriptions of cotton under clause 5 of the Indian Cotton (Control) Order, 1945, were notified. It was subsequently reported that mills were finding it extremely difficult to procure cotton within the ceilings prescribed, and the Government of India, thereupon, advised the Provincial Governments to requisition, if necessary, cotton for the use of textile mills. The position, however, continued to be unsatisfactory to the end of the year. (*Appendix 5.*)

THE INDIAN COTTON CESS (AMENDMENT) BILL, 1948.

(See also page 30 of Report for 1942.)

Reference was made on page 30 of the Association's report for 1942 to the levy of an additional import duty of one anna per lb. on raw cotton imported into British India, under the Cotton Fund Ordinance.

Towards the latter part of August of the year under review a Bill further to amend the Indian Cotton Cess Act, 1923, was introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Minister for Food and Agriculture. The statement of objects and reasons attached to the Bill read :

" This Bill seeks to double the rate of the cess leviable on cotton produced in India and either exported from any customs port to any port outside India or consumed in any mill in India under the Indian Cotton Cess Act of 1923. Until the entry of Japan into the last war, the Central Cotton Committee enjoyed a sound financial position with an income of between Rs. 6 and Rs. 8 lakhs per annum. With the entry of Japan in the last war, the receipts from the cess fell off considerably and the Committee had to draw upon its surplus balances to continue its programme of activities. As the surplus got depleted gradually, the Committee recommended in 1945 that the rate of the cess should be doubled. Before doing so, however, the Government of India decided to make grants from the Cotton Fund which was built up from the proceeds of the import duty on raw cotton imposed by the Cotton Fund Ordinance VIII of 1942). In order to enable the Committee to have a permanent source of income, it is considered necessary to double the rate of cess on cotton and also to permit the Committee to continue to receive grants from the Cotton Fund

Under section 12 (2) of the Indian Cotton Cess Act, 1923, the Committee is permitted to apply the proceeds of the cess on cotton and any other monies received by it to meet the cost of such measures as it may, with the previous approval of the Central Government, undertake for promoting agricultural and technological research in the interests of the cotton industry in India. This sub-section precludes the Committee from spending any monies received by it on development schemes. Since grants from the Cotton Fund can only be used for development schemes, it is proposed to amend this sub-section as well.

Opportunity is also being taken to undertake the following amendments due to the political changes in the country :—

- (a) The representation granted to the cotton growing industry of the Punjab under section 4 (viii) is being reduced from two to one for East Punjab.
- (b) The representation granted to Hyderabad State under section 4(ix) is being deleted. The intention is to grant representation to this state under section 4(ix) if and when negotiations with that State take a favourable turn.

- (c) The representation granted to Gwalior and the States in Central India and Rajputana is being revised according to the re-grouping of the States into Unions, and representation is also being granted to certain other Unions and States, e.g., Vindhya Pradesh, Patana and East Punjab States Union, Saurashtra and Mysore. Section 12A of the Act is being omitted as it is obsolete."

The Bill was passed by the Assembly and received the assent of the Governor-General on the 10th September, 1948.

AMERICAN COTTON -FUMIGATION CHARGES.

(See also page 44 of Report for 1934.)

Reference was made on page 44 of the Association's report for 1934 to the reductions effected by the Government of India in fumigation charges on American cotton.

Towards the end of January, 1948, Government increased the fumigation charges from Rs. 2-7 to Rs. 3-10 per square bale and from Rs. 1-8 to Rs. 2-5 per round bale. In the case of cotton landed at the special American cotton wharf in Bombay Docks, the charges were increased from Rs. 3-8 per square bale and Rs. 2-8 per round bale to Rs. 5-2 and Rs. 3-8 respectively. The minimum fee for fumigation of any cotton imported on a single ship was increased from Rs. 150 to Rs. 200.

EXPORT DUTY ON EGYPTIAN COTTON.

Early in April, the Committee's attention was invited to a report that the Egyptian Government had imposed a duty of approximately 2½d. per pound on cotton exported from Egypt. The Committee addressed the following telegram to the Government of India, towards the middle of April :

"Understand Egyptian Government have levied an export duty on Egyptian cotton at approximately two and half pence per pound. Submit tax excessive and unfair considering abnormally high prices quoted Egyptian cotton. Request Government use their good offices to persuade Egyptian Government to reconsider matter. In any event sales concluded prior to announcement duty should be exempted from duty."

A similar telegram was also addressed to the Alexandria Cotton Exporters' Association, Alexandria, but without result.

IMPORT OF FOREIGN COTTON.

INDIAN COTTON MISSION TO EGYPT.

The Indian Delegation to the Seventh Session of the International Cotton Advisory Committee held at Cairo and Alexandria early in April 1948 are reported to have recommended to the Government of India that the question of obtaining supplies of Egyptian, Brazilian and Peruvian cottons for the Indian textile industry by means of barter arrangements should be examined by Government in the immediate future in consultation with the interests concerned.

Accordingly, Government decided to send a mission to Egypt under the leadership of Mr. Kasturbhai Lalbhai to negotiate purchase of long-staple cotton on barter basis against the supply of Indian jute, tea, etc. The Committee of the Association nominated Mr. J. P. Patel of Messrs. Patel Cotton Co., as the Association's representative on the mission. It was not, however, possible for the mission to come to any satisfactory arrangements with the authorities in Egypt.

Subsequently, considerable quantities of Carnac type of Egyptian cotton were reported to be available at competitive prices for shipment from European ports from stocks which the U.S.A. held in Europe. The Committee addressed a representation to the Government of India, towards the latter part of July, requesting Government to release the necessary dollar exchange to facilitate the import of this cotton, but nothing happened.

Government were subsequently reported to have considered the question of bulk purchases of Egyptian cotton and East African and Sudan cottons, jointly with the United Kingdom Raw Cotton Commission and with this end in view, they had consultations with Mr. J. T. Porritt representing the U.K. Raw Cotton Commission, towards the middle of October. It transpired, however, that under the conditions prevailing in the Egyptian market, there was little likelihood of effecting bulk purchases in Egypt. As a result, Government, it was understood, left it open to mills to buy Egyptian cotton through the normal trade channels.

BULK PURCHASES OF EAST AFRICAN AND SUDAN COTTON, 1948-49 CROP.

(See also page 33 of Report for 1947.)

Reference was made on page 33 of the Association's report for 1947 to the Government of India's proposal for the continuance of the system of bulk purchase of East African and Sudan cotton for 1947-48 crop and to the permission granted to mills to bid at the auctions of East African cottons held by the Government of East Africa.

So far as Sudan cotton was concerned, the Deputy Chief Controller of Imports, Bombay, informed the Association, towards the latter part of April, that the Government of India had accepted an offer of 25,000 bales of Sudan cotton made by the Sudan Government and requested the Association to submit the requirements of its member mills consuming Sudan cotton, which was accordingly done.

As regards East African and Sudan cottons from the 1948-49 crop, it was understood that the Indian and U.K. Governments had agreed upon a joint purchase under which the Government of India were likely to procure about 250,000 bales of Kenya/Uganda cotton, about 30,000 bales of Tanganyika cotton and about 125,000 bales of Sudan cotton. Subsequently, auctions in East African cottons commenced at Kampala and Government, therefore, issued a Press note, towards the end of November, announcing that in view of the impending negotiations for bulk purchase of East African cottons, the Indian mills and importers should not for the present bid at these auctions.

IMPORT DUTY ON COTTON IMPORTED FROM PAKISTAN

(See also page 14 of Report for 1946.)

Reference was made on page 14 of the Association's report for 1946 to the levy of a customs duty on imported cotton at the rate of two annas per pound.

Cotton imported from Pakistan also became liable to the import duty with effect from 1st March 1948 consequent upon that Dominion being declared a foreign country. Negotiations were, however, proceeding between the two Dominions for the export of Indian textiles against import of Pakistan cotton. Towards the beginning of March the Textile Commissioner informed the Committee that Government were prepared to consider applications for exemption from import duty on specific consignments of cotton from Pakistan, if they were sent to him for transmission to the Central Board of Revenue.

Towards the latter part of March a Cloth-Cotton Exchange Agreement was concluded between India and Pakistan. Under this agreement, which was to be in force till the end of August, it was proposed to make available to India 20 bales of cotton from Pakistan for every 12 bales of cloth exported from the Indian Union. The Government of India, it was understood, had agreed to make an *ad hoc* allotment of 25,000 bales of cloth to Pakistan against cotton already received in India. The agreement, it transpired, originally stipulated that the Pakistan Government would charge a sum of Rs. 60 per bale by way of duty on cotton exported to India and that India would charge thereon an import duty of As. 2 per lb., that is Rs. 98 per candy. Assuming that the price of cotton in Pakistan were Rs. 700 per candy, an importing mill in India would be paying a duty of Rs. 120 in Pakistan and about Rs. 100 as import duty in India, bringing the landed price of cotton within the Indian Union to Rs. 920 as against Rs. 700 in Pakistan. The Committee, therefore, represented to Government, towards the middle of April, that such a rise in the landed cost of Pakistan cotton would directly result in a corresponding increase in the price of cloth manufactured in India from Pakistan cotton, and would also be indirectly responsible for a sympathetic rise in the price of cloth manufactured from other cottons, to the detriment of consumers both in India and Pakistan. The increased cost arising from the duty on cotton and export duty on cloth, it was estimated, would amount to about As. 14½ per lb., which, bearing in mind the close proximity of Pakistan to India, seemed an extremely heavy imposition on the consumer in Pakistan.

In the meanwhile, Government issued a Press *communiqué* exempting from the customs duty, cotton grown in Pakistan and imported into India till the end of August 1948. This relieved matters to a certain extent. The Committee, however, felt that the Government of Pakistan might perhaps be prepared to waive the duty on cotton exported to India, provided the Government of India on their part agreed to waive the 25 per cent. duty on cloth exported to Pakistan, and therefore urged that the Government of India should go into this matter and agree to the proposal with a view to securing a freer flow of Pakistan cotton into India. The Indian Union had been drawing, in the last few years, about a million bales of staple cotton

from Pakistan. It was true that the Indian Central Cotton Committee had been endeavouring to increase the production of staple cotton within the Union, but the results were not likely to accrue for some considerable time and in any event, priority had to be given to food crops so that for some years at least, India must continue, bearing in mind the currency and exchange complications which might arise in dealing with other sources of cotton, to receive a steady supply of staple cotton from Pakistan. The Committee, therefore, submitted to Government that taking everything into consideration, Government should offer to waive the duty on cotton cloth exported to Pakistan.

In reply, Government informed the Association that the question of abolishing the duty on cloth exported to Pakistan and abolition by Pakistan of export duty on cotton sent to India was being considered as a part of the trade agreement which was shortly going to be negotiated between the two countries.

Early in October, a further announcement was made by Government exempting, with effect from 9th October 1948, from the customs duty, among other goods, raw cotton imported from Pakistan. (*Appendix 6.*)

INDO-PAKISTAN AGREEMENT FOR MUTUAL SUPPLY OF ESSENTIAL COMMODITIES.

IMPORT OF PAKISTAN COTTON.

Towards the latter part of May, an agreement between India and Pakistan for mutual supply of essential commodities, was concluded at Karachi under which it was agreed, among other things, that India should supply to Pakistan 4 lakhs of bales of cotton textiles of which one-fourth would be in the form of yarn, and in return Pakistan should supply 6,50,000 bales of cotton. A further agreement was reached between the two Dominions towards the latter part of October with a view to facilitating the proper fulfilment of the Karachi Agreement. In so far as cotton was concerned, the Agreement fixed an export quota of 360,000 bales for India for the period ending 31st January 1949, provided that if India's purchases during the period fell below 325,000 bales such shortfall would be liable to lapse. The Pakistan Government also agreed that export quotas to other countries and purchases for the internal consumption in Pakistan would not together exceed 360,000 bales during the same period.

For the purpose of allocating to mills this quota of 360,000 bales of cotton for the period ending 31st January 1949, the Deputy Chief Controller of Imports, Bombay, issued, towards the end of October, a circular to all textile mills in India requesting them to submit information regarding (a) their actual consumption per annum of Pakistan cotton under each grade during the three years ending 31st August 1947, and (b) their actual minimum requirements of Pakistan cotton under each grade for the cotton year 1948-49. The mills were also required to furnish a guarantee in writing to the effect that the full allocations made by Government would be taken up by them.

While bringing this circular to the notice of the respective Millowners' Associations, the Deputy Chief Controller of Imports invited their views on a suggestion received by Government for issuing lump allocations of Pakistan Cotton to the Millowners' Associations concerned, for distribution among their members. This suggestion, it was stated, would work as a safeguard against any lapsing of quotas of Pakistan cotton and would eliminate competitive buying by Indian mills and consequent increase in prices of raw cotton in Pakistan markets. The Associations, it was suggested, might make the necessary arrangements for the purchase and distribution of cotton so allocated.

Early in November the Committee wired the Government of India as under :—

" Mills hesitate to make purchases of Pakistan cotton or furnish returns showing minimum requirements to Deputy Chief Controller of Imports. Please confirm that full prices paid for Pakistan cotton will be taken into calculation when fixing cloth and yarn prices."

As regards the issue of lump allocations in favour of Millowners' Associations, the Committee informed the Deputy Chief Controller of Imports that the import of Pakistan cotton into India should be on a trade-to-trade basis subject to any supervision of actual working which Government might exercise.

Subsequently, Government decided that where Pakistan cotton was exclusively used in the manufacture of cloth, the market price during the basic period would be adopted for fixing the cloth prices. Where both Pakistan and Indian cottons were used, prices of Pakistan cotton would be allowed on the same basis subject to weightage for cheaper Indian cotton. While circulating the decision of Government to all mills, the Deputy Chief Controller of Imports advised mills to go ahead with the purchase of cotton up to 30 per cent. of their average consumption of Pakistan cotton during the three years ending 31st August 1947. (*Appendix 7.*)

SUPPLY OF CLOTH TO PAKISTAN.

As regards the supply of cloth, the Indian Delegation had agreed under the October Agreement that they would make arrangements which would enable Pakistan to obtain regular supplies of cloth from India and that the exact details of the arrangement would be settled at an early date by mutual consultation. Accordingly, a further agreement was concluded towards the latter part of November setting out the terms and conditions on which the Indian Government would supply cotton textiles to Pakistan. The text of the Agreement read :—

" It was agreed that supply of cloth and yarn to Pakistan by India will be on Government of India account. For this purpose, the Government of India will use such agencies as they consider necessary. The Government of Pakistan will be free to use any agencies they consider necessary—a Government agency or a private trade agency—but there should be no more than one such agency for East Bengal and another for the rest of Pakistan.

2. For cloth supplied to them, Pakistan will pay to the Government of India the controlled ex-mill price plus the fixed exporter's margin of 15 per cent. plus an export duty of 10 per cent. This will be in modification of the present scale of export duty.

3. It was agreed that any increase of export duty or of the exporter's margin by the Government of India would not affect the present agreement. On the other hand, if the Government of India reduced the general export duty below 10 per cent or exporter's margin for other countries below 20 per cent., Pakistan would get the benefit of such a reduction.

4. It was agreed that for yarn supplied to them, Pakistan would pay the controlled ex-mill price plus an exporter's margin of 10 per cent. This percentage will be subject to reconsideration between the two Governments should the Government of India propose to impose an export duty on yarn.

5. All the above prices would be for cloth or yarn f.o.b. Indian ports or f.o.r. in case of despatches from mills by all rail route.

6. For cloth and yarn purchased by them, Pakistan would pay by irrevocable letters of credit payable to the Government of India.

7. Existing or future restrictions as regards widths applicable to exports to other countries will not apply to cloth supplied to Pakistan.

8. The Government of Pakistan will be given facilities for the inspection of cloth and yarn at godowns or docks before shipment takes place. The inspection will be on the basis of a maximum of 2 per cent examination of each variety in every consignment. Disputes, if any, will be dealt with jointly by the Textile Commissioner of India and the Textile Commissioner of Pakistan.

9. Pakistan desired that the cloth supplied to them should be price-stamped in the same manner as cloth for internal consumption in India. This was agreed to.

10. It was agreed that cloth supplied to Pakistan should be in the following proportions :—

Superfine	..	..	..	..	..	..	..	5 per cent.
Fine	..	..	..	..	..	..	..	10 per cent.
Medium	..	..	..	..	..	..	..	50 per cent.
Coarse	..	..	..	..	..	..	..	35 per cent.

Within these ranges, the qualities and varieties of cloth to be supplied to Pakistan will be settled by agreement between the Textile Commissioner, India, and the Textile Commissioner, Pakistan. The Textile Commissioner, India, will also consult the Textile Commissioner, Pakistan, about the mills from which supplies to Pakistan will be drawn.

11. It was agreed that Pakistan would endeavour to purchase 75,000 bales of cloth and 25,000 bales of yarn before December 31, 1948. Thereafter, during the months of January to June 1949, Pakistan will be entitled to purchase cloth and yarn on a monthly average basis of 37,500 bales of cloth and 12,500 bales of yarn subject to a maximum of 45,000 bales of cloth and 15,000 bales of yarn in any one month. The balance of purchase, if any, will be completed before the end of August 1949. The Textile Commissioner, Pakistan, will intimate to the Textile Commissioner, India, his firm demand for every month before the end of the previous month.

12. If purchase of cloth by Pakistan during any month falls short of 37,500 bales, the difference between 37,500 bales and the quantity actually purchased will be carried forward, subject to the proviso that the quantity carried forward from one month to another will not exceed 7,500 bales and subject also to the limit of maximum purchase in any one month mentioned in para 11 above.

13. Where any part of the Pakistan quota lapses due to the operation of this provision, the Government of India will attempt to supply cloth against such lapsed quota during July-August 1949 to the extent possible, if requested to do so by the Government of Pakistan."

Under the above agreement the Government of India undertook the responsibility of supplying cloth and yarn to Pakistan for the period ending August 1949. The Textile Commissioner therefore advised mills not to enter into any negotiations with the Government of Pakistan for the sale of their cloth or yarn as it might not be feasible for him to agree to such sales.

LABOUR MATTERS.

TRIBUNAL TO ENQUIRE INTO BREACHES OF INDUSTRIAL TRUCE.

(See also page 48 of Report for 1947.)

Reference was made on page 48 of the Association's report for 1947 to the Bombay Provincial Labour Advisory Board.

The second meeting of the Board was held at Poona towards the middle of October 1947, when the following subjects were reported to have been discussed :—(1) Labour's part in increasing production with special reference to slow-down tactics ; (2) the setting up of Joint Committees under the Bombay Industrial Relations Act ; (3) labour exchanges (Decasualisation Scheme) ; and (4) further consideration of the question regarding illegal strikes and sit-down or stay-in strikes.

Towards the end of February in the year under review Government informed the Association that the third meeting of the Board would be held at Bombay on 3rd and 4th March 1948 to discuss the following, among other subjects :—

- (1) the existing machinery for the reference of industrial disputes to adjudication, arbitration and conciliation ;
- (2) steps to be taken to implement the " Industrial Truce " in the provincial sphere.

Government requested the Committee to send two representatives to participate in the discussions. Mr. Bhagvandas C. Mehta and Mr. R. G. Gokhale, the Association's Labour Officer, attended the meeting as the Association's representatives. The meeting continued from 3rd to 5th March, and from 16th to 17th March.

The following resolutions were passed at this meeting :

1. " Recognising the increasing importance of problems arising out of existing industrial relations, this Board recommends to Government that the P. L. A. Board be suitably reconstituted to afford adequate representation to capital and labour in order that decisions and recommendations of the Board should have the fullest sanction of all interests in industry. Pending such reconstitution, this Board recommends that the additional representatives of employers and employees invited to attend the present series of meetings should continue to be invited to attend the meetings of the Board "

2. " Realising the utmost urgency of implementing the terms of the Industrial Truce Resolution adopted at New Delhi in December last by the representative conference of employers, labour and Government and the need for obtaining peace and harmony in industry without delay, this Board recommends to the Government of Bombay to :—

- (a) Undertake appropriate and suitable action in the Provincial sphere to implement the terms of the resolution and to achieve industrial peace ; in particular this Board welcomes the proposed legislation about the Wage Board machinery as desirable action in the Provincial sphere, and trusts that this new machinery would help to reduce the burden of work before the Industrial Court.
- (b) Bring to the notice of the Government of India the imperative need of creating without delay the necessary machinery to implement the terms of the resolution on an all-India level and to lay down general principles concerning the determination of fair wages, fair remuneration of capital, conditions of labour and such other factors requiring all-India uniformity in decisions and action.
- (c) Set up appropriate machinery for (i) investigating violations of industrial peace on the part of all parties concerned and advising Government on measures necessary to prevent and check such violations, (ii) studying the causation of

strikes and lock-outs and for taking timely steps for the avoidance and prevention of such occurrences, and (iii) dealing with unfair labour practices whether on the part of employers or workers ”

3. “ This Board recognizes the urgent need for speeding up the formation of Works Committees and Production Committees and recommends to the Government of Bombay to set up immediately a Joint Committee to assist the Government in the preparatory work for the establishment and successful functioning of these committees.”

4. “ This Board takes note of the announcement by the Government of Bombay that the Industrial Conditions Inquiry Committee is engaged in working out a Labour Code to standardize conditions and amenities in industrial establishments and expresses the hope that this work will be completed at an early date ”

5. “ This Board is of opinion that acts of violence, assault and sabotage, by whomsoever committed, are highly detrimental to the maintenance of industrial peace and production and therefore assures Government of the readiness of all sections of the Board to do their utmost to create conditions which will help to stamp out such happenings, and offers its unstinted support to all action necessary to put down sternly such acts of violence, assault and sabotage by whomsoever committed ”

The Government of Bombay accepted the recommendation of the Provincial Labour Advisory Board regarding the implementation of the terms of the Industrial Truce Resolution, and accordingly appointed a Tribunal, early in July, consisting of Mr. P. S. Bakhie, B.A., LL.B., Judge, Labour Court, Bombay to enquire into breaches of the industrial truce and stoppages of work in any form whatsoever that might be brought to its notice. In particular, the Tribunal was required to—

- (i) investigate violations of industrial truce on the part of all parties concerned and advise Government on measures necessary to prevent and check such violations ;
- (ii) study the causation of strikes and lockouts and suggest timely steps to be taken for the avoidance and prevention of such occurrences ; and
- (iii) enquire into complaints about unfair labour practices, whether on the part of employers or workers and suggest appropriate measures to check such practices.

WAGES IN BOMBAY COTTON MILLS.

STANDARDISATION COMMITTEE.

(See also pages 35 and 172 of Report for 1941.)

Reference was made on page 35 of the Association's report for 1941 to the Bombay Government's proposal to set up a Standardisation Committee in accordance with the recommendation of the Bombay Textile Labour Inquiry Committee and the Association's reply thereto. The question was discussed subsequently by the Chairman of the Association with the Commissioner of Labour towards the middle of April, 1942, but nothing further transpired.

The Industrial Court, Bombay, in its award dated 31st May, 1947, on standardisation of wages, etc., suggested that Government should take immediate steps for the formation of a Standardisation Committee or a Wage Board or both, to examine the standardisation scheme given in the award after it had been in operation for some time and to suggest appropriate changes in the light of the experience gained.

Towards the latter part of February, Government appointed a Standardisation Committee consisting of Mr. Purshottam Kanji (*Chairman*); Mr. R. R. Bakhle, M.L.C. and Mr. Nandulal M. Mehta (*Members*); with Mr. C. N. Bagve, Assistant Labour Officer, Bombay, as Secretary. The terms of reference of the Committee were: (i) to investigate and consider all questions pertaining to minimum wage, standardisation of wages and connected matters which may be referred to it by the Industrial Court; and (ii) to examine the working of any scheme of standardisation of wages which has been brought into force by an award of the Industrial Court and to make a report on it when requested by Government or the Industrial Court to do so.

WAGE BOARD FOR THE COTTON TEXTILE INDUSTRY IN BOMBAY PROVINCE.

Section 86A of the Bombay Industrial Relations (Amendment) Act empowers Government to constitute a Wage Board for one or more industries for the province. Accordingly, early in August, a Wage Board for the cotton textile industry was constituted, consisting of Mr. Purushottam Kanji (*Chairman*), Mr. R. R. Bakhle, M.L.C., Mr. P. V. Gillespie, M.L.A., Mr. Neville N. Wadia, Mr. Sakarlal Balabhai, Mr. Nur Mohamed H. Shaikh and Mr. G. D. Ambekar. Mr. Neville N. Wadia subsequently expressed his inability to serve on the Board and Government nominated in his place Mr. B. D. Kulkarni of Messrs. Modern Mills Ltd., Bombay.

BOMBAY WAGE BOARD RULES.

The amended section 123 of the Bombay Industrial Relations Act empowered the Provincial Government to make rules regarding procedure to be followed by a Wage Board formed under the Act.

Towards the middle of November, the Government of Bombay published the draft Bombay Wage Board Rules, for eliciting views of the parties affected thereby. The Rules appeared to be in order except in respect of the following :—

Rule 4.—This rule empowered Government to refer to a Wage Board any dispute relating to leave with or without pay. By virtue of sub-section (1) of section 86C of the Bombay Industrial Relations (Amendment) Act, industrial matters or industrial disputes regarding items numbered 1, 2, 4, 9 and 10 in Schedule II annexed to the Bombay Industrial Relations Act could be referred for decision of the Wage Board. The subject of leave with or without pay, however, fell outside the scope of Schedule II being covered by item 6 of Schedule I. In this view of the case, it was suggested to Government that the rule should be deleted.

Rule 15.—This rule stipulated that all questions arising for any decision should be decided by a majority vote of the members present. As only those questions on which there was a marked difference of opinion among the members would be put to vote, it was suggested that the right to put any question to vote should be conferred upon the Chairman of the Wage Board to be utilised at his discretion.

Rule 19.—This rule empowered the Chairman and members of the Wage Board to visit and inspect any building, machinery, etc. The Committee

felt that this right should be confined to the particular factory, building or workshop where the dispute had arisen. It was, therefore, suggested that the words "connected with the industrial matter or dispute" should be inserted between the words "or premises whatsoever" and the words "and inspect the same." (*Appendix 8.*)

INDUSTRIAL COURT'S ORDER ON WAGE RATES FOR WARPERS.

(See also pages 46 and 149 of Report for 1947.)

Reference was made on page 46 of the Association's report for 1947 to the Order of the Industrial Court, Bombay, fixing the rates of wages for drawers-in. The *Ad Hoc* Standardisation Committee subsequently took up the question of fixing the rates of wages of warpers and submitted its report to the Industrial Court in December. The Court heard the parties in February 1948 and issued an order fixing the following rates of wages for warpers with retrospective effect from 1st January 1947 :

Scheduled rates in pies for grey and coloured warping ends, for 10,000 yards.

No. of ends	Grey warp upto and including 16 coloured ends.	Pattern beam with 17 coloured ends and upto 25%	Pattern beam with more than 25% and upto 50% coloured ends	Pattern beam over 50 per cent coloured ends	Self-coloured beam with or without border 96 to 100%
1	2	3	4	5	6
380 and below	186	260	270	298	270
381 to 400	190	266	276	304	276
401 to 420	194	272	281	310	281
421 to 440	198	277	287	317	287
441 to 460	202	283	293	323	293
461 to 480	206	288	299	330	299
481 to 500	210	294	305	336	305
501 to 520	214	300	310	342	310
	Pies	Pies	Pies	Pies	Pies
Creeling allowance	50	75	87½	100	70

Allowance both for grey as well as coloured ends.

	Per cent.
16s and below upto 10s	5
Uncombed 40s—49s	5
„ 50s—59s	8
Combed 50s—59s	5
„ 60s—69s	10
„ 70s—79s	15
„ 80s—89s	20

When more beams than one are made from one creeling, then two annas will be paid for each additional beam changed. When a warper attends to two machines, 75 per cent. of the above rates will be paid on his total output.

GRADES OF PAY AND CONDITIONS OF SERVICE OF THE TECHNICAL AND SUPERVISORY STAFF.

The question of revising pay, conditions of service, etc., of the technical and supervisory staff of cotton mills in Bombay City had been before the Committee for a considerable time, and after consulting the Mill Managers' Sub Committee and the Textile Association (India), certain terms were agreed to by the Committee and communicated to all member mills in the city for implementation. The details of the terms and conditions are reproduced in the Appendix. (*Appendix 9.*)

CONDITIONS OF SERVICE, ETC., OF CLERKS IN BOMBAY COTTON MILLS.

INDUSTRIAL COURT'S AWARD.

Towards the middle of April, 1946, the Bombay Textile Clerks' Union, which was then a representative union under the Bombay Industrial Disputes Act, 1938, formulated certain demands with regard to standing orders, scales of pay, promotion, leave with pay, dearness allowance, provident fund, etc. on behalf of its members. This was followed by joint meetings between representatives of the Association, and the Bombay Textile Clerks' Union, and as a result, the Union revised their demands in August, 1946. Further discussions followed on the basis of these revised demands, and certain understandings, which were reached, were set forth in the form of an agreement. One copy of the signed agreement was forwarded to the Bombay Textile Clerks' Union and another was sent to the Registrar, Bombay Industrial Disputes Act, towards the end of January, 1947, requesting him to register the agreement under the Bombay Industrial Disputes Act. The Association did not, however, wait for the registration of the agreement, but sent copies of it, to all members of the Association in Bombay advising them that effect should be given to its provisions as though the document had already been registered. Accordingly, the majority of the mills affected by that agreement gave effect to it.

Early in March, 1947, the Registrar informed the Association that the agreement entered into between the Association and the Bombay Textile Clerks' Union could not be registered under the Bombay Industrial Disputes Act, as no notice of change had been given prior to the agreement. The Association was informed that certain members of the Bombay Textile Clerks' Union had expressed dissatisfaction over the terms of the agreement with the Association, but did not receive any communication from the Clerks' Union as to how matters stood. Towards the end of May, it was ascertained that the Bombay Textile Clerks' Union had appointed new office-bearers and that the new Managing Committee had met and decided to reject the agreement, but this decision was not communicated to the Association though the Union forwarded a list of its office-bearers towards the latter part of July. It was understood that the Union had drawn up a charter of demands, but these demands were also not submitted to the Association.

Towards the middle of September, the President of the Bombay Textile Clerks' Union in submitting a set of demands to the Association referred to the old agreement and stated that the said agreement had not been registered and according to him, its terms and conditions had not been implemented by most of the member mills of the Association. Joint meetings

between the representatives of the Union and the Association again took place towards the beginning of October, but no settlement was arrived at. Conciliation proceedings which were instituted thereafter, towards the latter part of November, also failed. The dispute was, therefore, referred by Government to the arbitration of the Industrial Court on the 24th December, 1947.

The hearing in respect of these demands took place on the 19th April, 1948, when the Association's Counsel raised the following preliminary objections :

- (1) the notification or order should have been issued in the name of the Governor of Bombay ;
- (2) the only right or power of Government to refer industrial disputes for arbitration was in disputes between employers, which included groups of employers, and employees. The Bombay Textile Clerks' Union was not an employer and Government had, therefore, no
 - right or authority to refer this dispute to the arbitration making the Union a party thereto ;
- (3) the Bombay Textile Clerks' Union not being a registered union under the Bombay Industrial Relations Act had no status or authority to represent employees, and the award of the Court would not be binding on them ;
- (4) the only properly constituted authority who could represent the employees in the dispute, if there was a valid dispute, was the Government Labour Officer.

The Industrial Court granted an adjournment to enable the Association to move the High Court in case it desired to challenge the Industrial Court's jurisdiction in this matter. The Association's point of view was placed before the Government of Bombay, who issued a fresh notification referring the dispute to the arbitration of the Industrial Court but making this time the clerks employed in the cotton textile industry in Bombay a party to the dispute instead of the Bombay Textile Clerks' Union. The Government Labour Officer filed a statement of claim on behalf of the clerks towards the middle of June and the Association filed its reply thereto, and the hearing of the reference took place on 22nd, 23rd and 26th July. The Court's award which was issued towards the latter part of October is reproduced in the Appendix. (*Appendix 10.*)

DEARNESS ALLOWANCE FOR BOMBAY COTTON MILL WORKERS.

INDUSTRIAL COURT'S AWARD.

(*See also page 43 of Report for 1947.*)

Reference was made on page 43 of the Association's report for 1947 to the award of the Industrial Court in respect of the workers' demand for increase in basic wages and standardisation of wages. Early in February, the Industrial Court took up for hearing the question of dearness allowance and gave its award with retrospective effect from 1st January, 1947. The award assessed the quantum of the allowance on the basis of 1.9 pies per point rise per day over the pre-war level of the Bombay Working Class Cost of Living Index and directed, *inter alia*, that the employers should make fresh

calculations on the basis referred to, from January, 1947, onwards and after deducting the actual amount of dearness allowance already paid to the employees, the balance should be paid within two months from the publication of the award.

The full text of the award is reproduced in the Appendix. (*Appendix 11.*)

DEARNESS ALLOWANCE TO BOMBAY COTTON MILL WORKERS DURING 1948.

The Bombay Working Class Cost of Living Index Numbers for the twelve months ending the 31st December, 1948, and the appropriate dearness allowance applicable in each case in accordance with the Industrial Court's award dated the 20th February, 1948, were as under :—

Month.	Bombay Working Class Cost of Living Index (of the previous month).	Dearness Allowance for a month of 26 working days.	
		Rs.	a.
January, 1948	285	46	6
February ..	271	42	11
March ..	276	44	0
April ..	284	46	1
May ..	291	47	14
June ..	292	48	2
July ..	307	52	0
August ..	312	53	4
September ..	321	55	9
October ..	323	56	1
November ..	315	54	1
December ..	317	54	9

BONUS FOR COTTON MILL WORKERS FOR 1948.

Early in November, 1948, the Rashtriya Mill Mazdoor Sangh, Bombay, a union registered as a qualified union under the Bombay Industrial Relations Act, gave notices of change under section 42(2) of the Act to about 19 member mills of the Association demanding "an adequate and unconditional lump allowance, i.e., bonus for the year 1948, to make up the deficit in the living wage in the first instance, and in addition an adequate share in the profits of the industry." Subsequently, Government issued a notification under section 43 (5) of the Act, declaring that the said change affected the whole of the cotton textile industry in Bombay, and thus making it a general issue. The Sangh submitted a statement of its case to the Conciliator, but the latter failed to move in the matter within the period prescribed by the Act. Thereafter the Sangh referred the matter for arbitration to the Industrial Court under section 73A of the Act. The hearing in respect of the reference took place on the 14th January, 1949, when the Association's Counsel contended that the reference was incompetent on the ground that the Sangh was not entitled to act as the representative of the employees in the industry within the meaning of section 30 of the Act. The Association's contention was upheld by the Court, which issued its order on the 19th January rejecting the reference as being incompetent.

The dispute has since been referred by Government to the arbitration of the Industrial Court under section 73 of the Act. (*Appendix 12.*)

EMPLOYMENT EXCHANGE : DECASUALISATION OF TEXTILE LABOUR.

APPOINTMENT OF ADMINISTRATIVE COMMITTEE.

(See also pages 73 and 200 of Report for 1947.)

Reference was made on page 73 of the Association's report for 1947, to the Committee's representation to the Government of Bombay in connection with Government's proposals for decasualisation of textile workers. The proposed establishment of Labour Exchange was discussed at the second meeting of the Provincial Labour Advisory Board held in October, 1947, and the draft of a scheme subsequently prepared by Government was referred for examination to a Committee of the Board called the Committee on Employment and Production.

The subject was again brought up for discussion at the third meeting of the Provincial Labour Advisory Board held early in March, 1948, at which was presented the report submitted by the Committee on Employment and Production. The Board recommended the appointment of an administrative committee with the Commissioner of Labour as Chairman and two to three representatives each of labour and employers as members to work out the preliminary arrangements connected with the introduction of the scheme in practice on a voluntary basis in the textile industry.

At the tenth meeting of the Standing Labour Committee convened by the Government of India towards the latter part of April, among others, the subject of decasualisation of labour in main industries was discussed and the Committee appeared to have come to the conclusion that the scheme of decasualisation should be tried out on a voluntary basis. When the subject subsequently came up for discussion before the Ninth Indian Labour Conference held immediately after the meeting of the Standing Labour Committee, the Association's attitude in this regard was clearly presented to the Conference by the Secretary of the Association who attended the Conference as one of the employers' delegates; but the deliberations were, however, on the whole, inconclusive.

In pursuance of the recommendation of the Provincial Labour Advisory Board, Government proposed to set up a Committee consisting of two representatives each from the Millowners' Associations of Bombay and Ahmedabad, the Rashtriya Mill Mazdoor Sangh, Bombay, and the Textile Labour Association, Ahmedabad. The Committee nominated Sir Vithal Chandavarkar, Kt., and Mr. R. G. Gokhale, the Association's Labour Officer, as the Association's representatives on the Administrative Committee. The first meeting of the Committee was held towards the latter part of September, at which was discussed a scheme of decasualisation which was understood to have been framed by Government in the light of the report of the Committee on Employment and Production, and the views expressed by the Millowners' Associations and the Labour Organisations in the Province. The matter is still pending before Government.

SECOND SESSION OF THE TEXTILES COMMITTEE OF THE INTERNATIONAL LABOUR ORGANISATION.

(See also page 5 of Report for 1946.)

Reference was made on page 5 of the Association's report for 1946 to the First Session of the Textiles Committee of the International Labour Organisation, held at Brussels. The Second Session of the Textiles Committee was held at Geneva on the 27th October 1948 to discuss the following items :

- (a) General Report dealing, *inter alia*, with the following points :--
 - (i) action taken in the various countries to give effect to the resolutions of the first session.
 - (ii) steps taken by the International Labour Office to follow up the studies and enquiries proposed by the Committee but not placed on the agenda for the second meeting.
 - (iii) recent events and developments in the industry.
- (b) Employment problems with special reference to recruitment and training.
- (c) Industrial relations.

The Delegation of each country represented on the Committee consisted of two Government representatives and two representatives each of employers' and workers' organisations with a substantial membership in the industry. Rai Bahadur Rameshwarprasad Bagla, Bombay, and Mr. Shantilal Mangaldas, Ahmedabad, attended the session as the Indian Employers' delegates.

THE NINTH INDIAN LABOUR CONFERENCE.

(See also page 69 of Report for 1947.)

Reference was made on page 69 of the Association's report for 1946 to the Eighth Indian Labour Conference held at New Delhi, towards the latter part of April 1947.

The Ninth Session of the Indian Labour Conference was held at New Delhi on the 19th, 20th and 21st April 1948, and the following subjects were discussed at the Conference :—

1. A report on labour policy and administration.
2. A survey of the present position in regard to Works Committees.
3. A report on the activities of the Director-General of Resettlement and Employment.
4. Action taken on previous decisions of Indian Labour Conferences and Standing Labour Committees.

5. The replies and comments of the Government of India to the I.L.O. questionnaires and reports on
 - (a) (i) Fair wages clause in public contracts, and (ii) protection of wages.
 - (b) Freedom of association and protection of the right to organise.
 - (c) Application of the principles of right to organise and bargain collectively, collective agreements, conciliation and arbitration, and co-operation between public authorities and employers' and workers' organisations.
 - (d) Vocational guidance.
 - (e) Revision of conventions concerning the night work of women and young persons.*
- 6.* Implementation of the Industrial Statistics Act, 1942, for the collection of labour statistics.
7. Compulsory provident fund for industrial workers.
8. Decasualisation of labour in main industries.
9. Implementation of the resolution on Industrial Truce passed at the Industries Conference held in December 1947.

The following gentlemen represented the employers :—

Employers' Federation of India.—(1) Sir Ardeshir Dalal, (2) Mr. A. J. Elkins, (3) Mr. N. S. V. Aiyer, (4) Mr. H. K. Srivastava (*Adviser*), (5) Mr. Y. S. Pandit (*Adviser*), (6) Mr. T. S. Swaminathan (*Adviser*).

All India Organisation of Industrial Employers.—(1) Sir Shri Ram, (2) Mr. Sakarlal Balabhai, (3) Mr. Shanti Prasad Jain, (4) Mr. N. C. Sahukar, (5) Mr. Chaturbhujdas Chimanal (*Adviser*), (6) Mr. D. G. Mulherker (*Adviser*), (7) Mr. M. H. Patel (*Adviser*).

INTERNATIONAL LABOUR CONFERENCE, 1948. *

The Thirty-first Session of the International Labour Conference was held at San Francisco (U.S.A.) from 17th June to 10th July 1948. The agenda of the Conference consisted of the following items :—

1. Director General's Report.
2. Financial and budgetary questions.
- 3.* Reports on the application of Conventions.
4. Employment Service Organisation (Second Discussion) and Revision of the Convention concerning fee-charging employment agencies, 1933 (No. 34).
5. Vocational Guidance (First Discussion).

6. **Wages :**
 - (a) General Report (Preliminary Discussion).
 - (b) Fair Wages Clause in Public Contracts (First Discussion).
7. Freedom of Association and Protection of the Right to Organise (Single Discussion).
8. Application of the Principles of the Right to Organise and to bargain collectively, collective agreements, conciliation and arbitration, and co-operation between public authorities and employers' and workers' organisations (First Discussion).
9. Revision of the Conventions concerning the night work of women and young persons.

The Employers' Delegation to the Conference consisted of Mr. Bhagvandas C. Mehta (*Delegate*), and Mr. C. M. Kothari, Mr. A. C. Ramalingam, Mr. B. P. Agarwalla and Mr. R. K. Rohatgi (*Advisers*).

The Conference also elected eight representatives each of workers, employers and member States to the new Governing Body for the next three years. Mr. Bhagvandas C. Mehta, the Indian Employers' Delegate, was elected a member of the Governing Body.

INDUSTRIAL CONDITIONS ENQUIRY COMMITTEE.

INTERIM REPORT ON THE COTTON TEXTILE INDUSTRY IN BOMBAY CITY AND BOMBAY SUBURBAN DISTRICT.

(See also page 65 of Report for 1947.)

Reference was made on page 65 of the Association's report for 1947 to the interim report of the Industrial Conditions Enquiry Committee on conditions of work in cotton mills in Khandesh.

Towards the latter part of November 1947, this Committee submitted an interim report on conditions of work in cotton mills in Bombay City and Bombay Suburban Districts; the report was published by Government in August 1948.

REPORT OF THE ECONOMIC PROGRAMME COMMITTEE OF THE ALL-INDIA CONGRESS COMMITTEE.

The All-India Congress Committee, by a resolution adopted in New Delhi towards the latter part of November 1947, appointed a Special Committee under the presidentship of Pandit Jawaharlal Nehru to draw up an economic programme for the Congress. The report, which was submitted to the Congress President towards the end of January 1948, covered a very

wide field, but for purposes of record, their recommendations under the heads "Industry" and "Industrial Relations" are reproduced below :-

INDUSTRY.

(1) Industries producing articles of food and clothing and other consumer goods should constitute the decentralised sector of Indian economy and should, as far as possible, be developed and run on a co-operative basis. Such industries should for the most part be run on cottage or small-scale basis. Larger units are inevitable in the case of heavy industries, e.g., manufacture of machinery and other producer goods. The choice of size will be determined by the net balance of economic and social advantage, preference being for smaller as against the larger units.

(2) The respective spheres of large-scale, small-scale and cottage industries should be demarcated as clearly as possible to avoid economic insecurity and destructive competition. Measures should be taken to co-ordinate the various types of industries and link them up in a supplementary-complementary relationship. Large-scale industry should make the fullest use of cottage industries for processes which can be handled on handicraft basis without serious loss of efficiency. In the conditions prevalent in our country emphasis will be on providing opportunities for employment of our unutilised or partially utilised reservoir of labour, and minimising the use of costly capital goods. Large-scale industry should also be utilised to improve the economic basis and the operative efficiency of small-scale and cottage industries. Certain lines of manufacture should be reserved for cottage industries. In order to avoid competition between production so reserved for cottage industries and large-scale production the State may bring under its control such competing large-scale industry. Where a cottage industry is allowed to operate in the same field as large-scale mechanised industry its output should be protected from the competition of the latter by subsidies or some method of price equalisation. This applies specially to cotton textile industry. In this and similar cases, further expansion of large-scale machine industry should be restricted except where this is considered necessary. In such cases it should be undertaken under State auspices.

(3) Regional self-sufficiency should be the aim with regard to all types of industries. Development on these lines should help to provide full and varied employment of manpower and raw materials in each unit and to reduce the pressure on the transport system. Location of industry should be so planned as to make a district of average size, having roughly a population of 10 lakhs, as nearly self-sufficient as possible in respect of consumer goods which supply the daily needs of the people. In this respect particular attention should be paid to essentials like food and cloth.

(4) The position regarding raw materials and other factors may entail the location or concentration of certain industries in a few areas. It would not be desirable to erect physical barriers in respect of movement of goods in the interests of regional development. Fiscal and other measures may, however, be adopted to foster suitable industries in different regions. Such measures will be particularly appropriate for the industrial development of backward areas to assure their social, economic and educational progress.

(5) Control of investment and licensing of new undertakings should be resorted to for the purpose of effective co-ordination and harmonious development of different types of industry.

(6) New undertakings in defence, key and public utility industries should be started under public ownership. New undertakings which are in the nature of monopolies or in view of their scale of operations serve the country as a whole or cover more than one Province should be run on the basis of public ownership. This is subject to the limit of the State's resources and capacity at the time and the need of the nation to enlarge production and speed up development.

(7) In respect of existing undertakings the process of transfer from private to public ownership should commence after a period of five years. In special cases, a competent body may, after proper examination, decide on an earlier transfer. The first five years should be treated as a period for preparation, during which arrangements should be made to take over and run these undertakings efficiently.

(8) The progress of transition to public ownership should be controlled so as to avoid the dislocation of the economic life in the country, fall in production, uneconomic acquisition of inflated assets, and the diversion of valuable resources from more urgent to less urgent uses.

(9) Acquisition should take place when the excessive margins of profits which prevail in the existing abnormal conditions have declined to a reasonable level, in consequence of the fall in price or under pressure of appropriate legislation or administrative measures.

(10) To secure efficient development and conduct of public-owned industries, suitable administrative agencies should be set up. Particular attention should be given to the following matters: (i) creation of an economic Civil Service which will furnish industry with executives of different grades; (ii) training of the requisite industrial cadre; (iii) technical training and general education of the workers; (iv) organisation of research and information; (v) control of investment and of scarce or strategic resources; and (vi) intensive and detailed economic surveys.

(11) State departmental control should be confined to questions of policy. The system of Statutory Corporations for the management of Industry, Trade and Transport should be developed with necessary adaptations to suit Indian conditions.

(12) In private industry the existing system of managing agency should be abolished as early as possible. Private industry should be subject to all such regulations and controls as are needed for the realisation of the objective of national policy in the matter of industrial development.

(13) Employed capital, i.e. capital plus reserves, should be adopted as the basis for the computation of the return on capital. Steps should be taken to prevent excessive distribution of the profits earned by an industry or establishment or undertaking. Distributed profits should be taxed at a higher rate than undistributed profits. A five per cent dividend in terms of employed capital will be the maximum limit for distribution of profits. The profits to be transferred to the reserve funds should be limited to such sums as in the opinion of a competent authority may be effectively utilised for productive purposes by the industry or industries concerned. Out of the profits earned in any year, the surplus after setting apart 3 per cent on employed capital as dividend and another portion to be earmarked by Government for schemes of social welfare and industrial improvement should be shared between the workers and the shareholders in proportion to be fixed by Government. The employees' share will not exceed in any year a third of the basic wage or the national minimum whichever is higher.

(14) All resources available for investment should be subject to the control and direction of the State. The State should set up Finance Corporations for financing industries. Banking and insurance should be nationalised.

INDUSTRIAL RELATIONS.

Stable and friendly relations should be established between labour and capital through increasing association of labour with management in industry and through profit-sharing. The establishment of Works Committees in such undertakings to settle differences in the day-to-day administration, and of Regional Labour Boards in each industry to determine wages and conditions of labour, should be on the basis of adequate representation being given to duly elected representatives of labour. In the interest of uninterrupted production, all disputes between employers and workmen should be settled through the machinery of conciliation, arbitration and adjudication. The workers should be guaranteed a minimum wage, proper housing and protection against the economic consequences of old age, sickness, and unemployment.

Following the publication of the report, a representative meeting of the industrialists was held in Bombay under the chairmanship of Sir Homi Mody towards the end of January 1948 when the following resolution was passed:

"This meeting of industrialists in Bombay voices its grave apprehensions about the recommendations made by the Economic Programme Committee in their report to the

All-India Congress Committee. In the opinion of this meeting these proposals, if implemented, would not only defeat the objective of industrialisation which has been accepted by every section of public opinion, but would irreparably damage the existing industrial structure.

This meeting also desires to emphasise that no free country in the world has ever sought to reach the goal of socialisation at one bound, as the Economic Programme Committee is trying to do, and at this stage of India's development, such an approach to the problem can only result in the complete disruption of the country's economy and heavy loss to a large body of small investors. Increased production is the most urgent need of the people and any scheme of large scale public ownership and control particularly without the requisite experience and trained personnel, must actually retard the progress so far achieved.

This meeting is further of the opinion that the Economic Programme Committee's recommendations apart from inspiring the confidence of the industrial community and the investing public are calculated to destroy the basis of the agreement reached at the recent Industries Conference at Delhi under which most of the fundamental questions dealt with by the Committee were to be decided by machinery representative of all interests which was to be set up by the Government of India for considering the objectives agreed upon at the Conference and giving concrete shape to them.

This meeting finally deems it necessary to utter a warning against the hasty adoption of economic doctrines wholly unrelated to the realities of the situation, and urges the Government of India to advise their policy in the matter of industrialisation, after giving the interests concerned every opportunity of putting forward their viewpoint."

The Committee supported the above resolution in the following telegram addressed to the Government of India early in February :

"Committee Millowners Association, Bombay, associate themselves entirely with resolution passed at representative meeting of industrialists held in Bombay on Friday, 30th January under the chairmanship of Sir Homi Mody. Understand text of resolutions already sent to you by Sir Homi Mody. Suggest immediate and favourable consideration be given to suggestion regarding representative conference to enable industrialists to place their case before Government."

GOVERNMENT OF INDIA'S STATEMENT ON INDUSTRIAL POLICY.

Early in April, the Government of India placed before the Constituent Assembly of India a statement in the form of a resolution embodying their policy in the industrial field. The resolution as approved by the Constituent Assembly is reproduced below :

"The Government of India have given careful thought to the economic problems facing the country. The nation has now set itself to establish a social order where justice and equality of opportunity shall be secured to all the people. The immediate objective is to provide educational facilities and health services on a much wider scale, and to promote a rapid rise in the standard of living of the people by exploiting the latent resources of the country, increasing production and offering opportunities to all for employment in the service of the community. For this purpose, careful planning and integrated effort over the whole field of national activity are necessary, and the Government of India propose to establish a National Planning Commission to formulate programmes of development and to secure their execution. The present statement, however, confines itself to Government's policy in the industrial field.

2. Any improvement in the economic conditions of the country postulates an increase in national wealth, a mere redistribution of existing wealth would make no essential difference to the people and would merely mean the distribution of poverty. A dynamic national policy

must, therefore be directed to a continuous increase in production by all possible means, side by side with measures to secure its equitable distribution. In the present state of nation's economy when the mass of the people are below the subsistence level, the emphasis should be on the expansion of production, both agricultural and industrial, and in particular on the production of capital equipment, of goods satisfying the basic needs of the people and of commodities the export of which will increase earnings of foreign exchange.

3 The problem of State participation in industry and the conditions in which private enterprise should be allowed to operate must be judged in this context. There can be no doubt that the State must play a progressively active role in the development of industries but ability to achieve the main objectives should determine the immediate extent of State responsibility and the limits to private enterprise. Under present conditions, the mechanism and the resources of the State may not permit it to function forthwith in industry as widely as may be desirable. The Government of India are taking steps to remedy the situation: in particular, they are considering steps to create a body of men trained in business methods and management. They feel, however, that for some time to come the State could contribute more quickly to the increase of national wealth by expanding its present activities wherever it is already operating and by concentrating on new units of production in other fields, rather than on acquiring and running existing units. Meanwhile, private enterprise properly directed and regulated, has a valuable role to play.

4 On these considerations the Government have decided that the manufacture of arms and ammunition, the production and control of atomic energy, and the ownership and the management of railway transport should be the exclusive monopoly of the Central Government. Further, in any emergency, the Government would always have the power to take over any industry vital for national defence. In the case of the following industries, the State— which, in this context, includes Central, Provincial and State Governments and other Public Authorities like Municipal Corporations—will be exclusively responsible for the establishment of new undertakings, except where, in the national interest, the State itself finds it necessary to secure the co-operation of private enterprise subject to such control and regulation as the Central Government may prescribe: (1) Coal (the Indian Coalfields Committee's proposals will be generally followed), (2) Iron and steel, (3) Aircraft manufacture, (4) Shipbuilding, (5) Manufacture of telephone, telegraph and wireless apparatus, excluding radio receiving sets, (6) Mineral oils.

While the inherent right of the State to acquire any existing industrial undertaking will always remain, and will be exercised whenever the public interest requires it, Government have decided to let existing undertakings in these fields develop for a period of ten years, during which they will be allowed all facilities for efficient working and reasonable expansion. At the end of this period, the whole matter will be reviewed and a decision taken in the light of circumstances obtaining at the time. If it is decided that the State should acquire any unit, the fundamental rights guaranteed by the Constitution will be observed and compensation will be awarded on a fair and equitable basis.

Management of State enterprise will, as a rule, be through the medium of public corporations under the statutory control of the Central Government, who will assume such powers as may be necessary to ensure this.

5 The Government of India have recently promulgated a measure for the control by the State of the generation and distribution of electric power. This industry will continue to be regulated in terms of this measure.

6 The rest of the industrial field will normally be open to private enterprise, individual as well as co-operative. The State will also progressively participate in this field; nor will it hesitate to intervene whenever the progress of an industry under private enterprise is unsatisfactory. The Central Government have already embarked on enterprises like large river-valley developments, which are multi-purpose projects of great magnitude, involving extensive generation of hydro-electric power and irrigation on a vast scale, and Pyratelated in a comparatively short time to change the entire face of large areas in this earleuounprojects like the Damodar Valley Scheme, the Kosi Reservoir, the Hirakud Dam,

etc., are in a class by themselves and can stand comparison with any of the major schemes in America or elsewhere. The Central Government have also undertaken the production of fertilizer on a very large scale, and have in view other enterprises like the manufacture of essential drugs, and of synthetic oil from coal; many Provincial Governments are also proceeding on similar lines

7. There are certain basic industries of importance, apart from those mentioned in paragraph 4, the planning and regulation of which by the Central Government is necessary in the national interest. The following industries whose location must be governed by economic factors of all-India import, or which require considerable investment or a high degree of technical skill, will be the subject of Central regulation and control (1) Salt, (2) Automobiles and tractors, (3) Prime movers, (4) Electric engineering, (5) Other heavy machinery; (6) Machine tools; (7) Heavy chemicals, fertilizers and pharmaceuticals and drugs, (8) Electro-chemical industries; (9) Non-ferrous metals; (10) Rubber manufactures, (11) Power and industrial alcohol; (12) Cotton and woollen textiles, (13) Cement, (14) Sugar, (15) Paper and newsprint; (16) Air and sea transport; (17) Minerals; (18) Industries relating to defence

The above list cannot obviously be of an exhaustive nature. The Government of India, while retaining the ultimate direction over this field of industry, will consult the Governments of the Provinces and States at all stages and fully associate them in the formulation and execution of plans. Besides these Governments, representatives of industry and labour will also be associated with the Central Government in the Industrial Advisory Council and other bodies, which they propose to establish, as recommended by the Industries Conference

8. Cottage and small-scale industries have a very important role in the national economy, offering as they do scope for individual, village or co-operative enterprise, and means for the rehabilitation of displaced persons. These industries are particularly suited for the better utilisation of local resources and for the achievement of local self-sufficiency in respect of certain types of essential consumer goods like food, cloth and agricultural implements. The healthy expansion of cottage and small-scale industries depends upon a number of factors like the provision of raw materials, cheap power, technical advice, organised marketing of their produce, and, where necessary, safeguards against intensive competition by large-scale manufacture, as well as on the education of the worker in the use of the best available technique. Most of these fall in the Provincial sphere and are receiving the attention of the Governments of the Provinces and the States. The Resolution of the Industries Conference has requested the Central Government to investigate how far and in what manner these industries can be co-ordinated and integrated with large-scale industries. The Government of India accept this recommendation. It will be examined, for example, how the textile mill industry can be made complementary to, rather than competitive with the handloom industry, which is the country's largest and best organised cottage industry. In certain other lines of production like agricultural implements, textile accessories, and parts of machine tools, it should be possible to produce components on a cottage-industry scale and assemble these into their final product at a factory. It will also be investigated how far industries at present highly centralised could be decentralised with advantage

The Resolution of the Industries Conference has recommended that Government should establish a Cottage Industries Board for the fostering of small-scale industries. The Government of India accept this recommendation and propose to create suitable machinery to implement it. A Cottage and Small-scale Industries Directorate will also be set up within the Directorate-General of Industries and Supplies

One of the main objectives will be to give a distinctly co-operative bias to this field of industry. During and before the last war, even a predominantly agricultural country like China showed what could be done in this respect, and her mobile industrial co-operative units were of outstanding assistance in her struggle against Japan. The present international situation is likely to lessen to a marked degree our chances of getting capital goods for large-scale industry, and the leeway must be made up by having recourse to small-size industrial co-operatives throughout the country.

9 The Government, however, recognise that their objective, viz., securing the maximum increase in production will not be realised merely by prescribing the respective spheres of the State and of private enterprise in industry, it is equally essential to ensure the fullest co-operation between labour and management and the maintenance of stable and friendly relations between them. A Resolution on this subject was unanimously passed by the Industries Conference which was held in December last. Amongst other things, the Resolution states -

" The system of remuneration to capital as well as labour must be so devised that, while in the interests of the consumers and the primary producers, excessive profits should be prevented by suitable methods of taxation and otherwise, both will share the product of their common effort, after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking "

Government accept this Resolution. They also consider that labour's share of the profits should be on a sliding scale normally varying with production. They propose, in addition to the overall regulation of industry by the State, to establish machinery for advising on fair wages, fair remuneration for capital, and conditions of labour. They will also take steps to associate labour in all matters concerning industrial production.

The machinery which Government propose to set up will function at different levels, central, regional and unit. At the Centre, there will be a Central Advisory Council, which will cover the entire field of industry, and will have under it Committees for each major industry. These Committees may be split up into sub-committees dealing with specific questions relating to the industry, e.g., production, industrial relations, wage fixation, and distribution of profits. The regional machinery under Provincial Governments will be Provincial Advisory Boards which, like the Central Advisory Council, will cover the entire field of industry within the Province, they will have under them Provincial Committees for each major industry. The Provincial Committees may also be split up into various sub-committees dealing with specific questions relating to production, wage fixation and industrial relations. Below the Provincial Committees will come the Works Committees and the Production Committees attached to each major industrial establishment.

The Works Committees and the Production Committees will be bipartite in character, consisting of representatives of employers and workers only, in equal numbers. All other Committees will be tripartite with representatives of Government, employers and workers.

Government hope that the machinery proposed will substantially reduce the volume of industrial disputes. In the case of unresolved conflicts, Government trust that management and labour will, in their own interests and in the larger interests of the country, agree to settle them through recognised channels of conciliation and arbitration, which will be provided by Government. The Industrial Relations Machinery, both at the Centre and in the Provinces, is being strengthened, and permanent Industrial Tribunals are being established for dealing with major disputes.

The Government of India are also taking special steps to improve industrial housing as quickly as possible. A scheme for the construction of one million workers' houses in ten years is under contemplation, and a Housing Board is being constituted for this purpose. The cost will be shared in suitable proportions between Government, employers and labour, the share of labour being recovered in the form of a reasonable rent.

In order to ensure quick decision on the various matters arising out of the Industrial Truce Resolution, Government are appointing a special officer.

10 The Government of India agree with the view of the Industries Conference that, while it should be recognised that participation of foreign capital and enterprise, particularly as regards industrial technique and knowledge, will be of value to the rapid industrialisation of the country, it is necessary that the conditions under which they may participate in Indian industry should be carefully regulated in the national interest. Suitable legislation will be introduced for this purpose. Such legislation will provide for the scrutiny and approval by

the Central Government of every individual case of participation of foreign capital and management in industry. It will provide that, as a rule, the major interest in ownership, and effective control, should always be in Indian hands; but power will be taken to deal with exceptional cases in a manner calculated to serve the national interest. In all cases, however, the training of suitable Indian personnel for the purpose of eventually replacing foreign experts will be insisted upon.

11. The Government of India are fully alive to their direct responsibility for the development of those industries which they have found necessary to reserve exclusively for State enterprise. They are equally ready to extend their assistance to private or co-operative enterprise in the rest of the industrial field, and in particular, by removing transport difficulties and by facilitating the import of essential raw materials to the maximum possible extent. The tariff policy of Government will be designed to prevent unfair foreign competition and to promote the utilisation of India's resources without imposing unjustifiable burdens on the consumer. The system of taxation will be reviewed and readjusted where necessary to encourage saving and productive investment and to prevent undue concentration of wealth in a small section of the population.

12. The Government of India hope that this elucidation of their intentions on fundamental aspects of industrial policy will remove all misapprehensions, and they are confident that a joint and intensive effort will now be made by labour, capital and the general public which will pave the way for the rapid industrialisation of the country.

ESTABLISHMENT OF CENTRAL ADVISORY COUNCIL.

In accordance with paragraph 9 of the Resolution on Industrial Policy (reproduced elsewhere in this report), the Government of India constituted a Central Advisory Council, towards the end of September, with the Hon'ble Mr. Jagjivan Ram, Minister for Labour, as the Chairman and representatives of Central Government, Provincial Governments, Employers and Labour as members. The representatives of Employers were:

All India Organisation of Industrial Employers	{	1	Seth Shanti Prasad Jam, Calcutta
		2	Sir Shri Ram, New Delhi
		3	Shri Padampat Singhania, Cawnpore
		4	Shri K. D. Jalan, Calcutta
Employers' Federation of India	{	1	Sir Homi Mody, K.B.E., Bombay.
		2	Mr. Dharamsey Mulraj Khatau, Bombay
		3	Mr. A. J. Elkins, C.B.E., Calcutta
		4	Mr. C. S. Ratnasabapathi Mudahar, Coimbatore.
Independent Employers' representatives	{	1	Sir Biren Mookherjee, Calcutta.
		2	Shree Chakreshwar Kumar Jain, Arrah.

The main functions of the Council were to advise Government on the measures to be taken to achieve their objectives as set forth in paragraph 9 of the Resolution on Industrial Policy and, in particular, to evolve schemes—

(1) for the determination of—

(a) fair wages to labour,

(b) for the purpose of a profit-sharing scheme—

(i) fair return on capital employed in the industry,

- (ii) reasonable reserves for the maintenance and expansion of the undertaking.
 - (iii) labour's share of the surplus profits, calculated on a sliding scale normally varying with production, after provision has been made for (i) and (ii) above, and
 - (c) the method by which labour could co-operate with employers in securing increase of production, and
- (2) for the regulation of the relations between employers and labour.

The Council was also authorised to resolve itself into several Committees, one for each major industry, and these Committees were, in turn, allowed to be split up into Sub-Committees dealing with specific questions relating to the industry, e.g., production, industrial relations, wage fixation and distribution of profits. For this purpose, the Council was empowered, when necessary, to appoint officials and non-officials, other than its own members, to the various Committees and Sub-Committees.

PROFIT-SHARING IN INDUSTRY.

(See also page 76 of Report for 1947.)

Reference was made on page 76 of the Association's report for 1947 to the Resolutions passed at the Industries Conference held in December of that year. The Resolution dealing with Industrial Truce read :

Resolution on Industrial Truce - "This Conference considers that the increase in industrial production which is so vital to the economy of the country cannot be achieved without the fullest co-operation between labour and management and stable and friendly relations between them. The employer must recognise the proper role of labour in industry and the need to secure for labour fair wages and working conditions, labour for its part must give equal recognition to its duty in contributing to the increase of the national income without which a permanent rise in the general standard of living cannot be achieved. Mutual discussion of all problems common to both and a determination to settle all disputes without recourse to interruption in or slowing down of production should be the common aim of employers and labour. The system of remuneration to capital as well as labour must be so devised that while in the interests of the consumers and the primary producers excessive profits should be prevented by suitable measures of taxation and otherwise, both will share the product of their common effort after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking.

For attaining these objectives, this Conference recommends :—

- (a) that the fullest use should be made of statutory and other machinery for the resolution of industrial disputes in a just and peaceful manner ; where it does not exist, it should be created without delay. Such machinery should as far as possible be uniform throughout India.
- (b) that the establishment of machinery, Central, Regional and Functional, for the study and determination of fair wages and conditions of labour, and fair remuneration for capital, and methods for the association of labour in all matters concerning industrial production, such as the formation of Central Regional and Unit Production Committees.

- (c) that the constitution in each industrial undertaking of Works Committees representing management and duly elected representatives of labour for the settlement of any dispute which may arise from day to day ;
- (d) that, as a first step towards improving the standard of living of workers, immediate attention should be devoted to the problem of housing of industrial labour, the cost of such housing should be shared in suitable proportions between the Government, employers and labour, the share of labour being given in the shape of a reasonable rent.

The principles enunciated above having been accepted, this Conference calls upon labour and management to agree to maintain industrial peace and to avert lockouts, strikes or slowing down of production during the next three years

This Conference invites labour and management to assist Government to secure, promote and guarantee such agreements between the parties as will usher in a period of contented and orderly advancement towards a co-operative Commonwealth "

The ninth Indian Labour Conference held in April 1948 which considered the question of implementation of the above Industrial Truce Resolution expressed the view that the issues connected with the determination of fair wages to labour and fair return on capital employed in the industry were of such a complex nature, that they would require a preliminary study by experts. Government agreed with this view and appointed a Committee of Experts consisting of Sir Biren Mookerjee, Mr. A. D. Shroff, Mr. S. P. Jain, Prof. Radha Kamal Mukherjee, Mr. Asoka Mehta, Mr. Khandubhai K. Desai, Mr. V. S. Karnik, and not more than two representatives each of the Ministries of Industry and Supply, Labour, Finance and Commerce. The Committee was requested to pay particular attention to the following points :

- (1) How should " capital employed in the industry " be determined ?
- (2) How should depreciation and taxation be treated for the purpose of arriving at the gross profit to be allocated between capital, labour and reserves ?
- (3) What are the purposes for which provision should be made by way of reserves and what should be the extent of such reserves ?
- (4) What should be a fair return on capital employed in the industry ? Should it be at a uniform rate for all industries or should the rate vary from industry to industry, and, if so, on what principles ? If the fair return is not reached in some years, should provision be made for making it up later, and, if so, how ?

Note The fair return should be such as not to discourage adequate investment.

- (5) Should the fair return on capital employed in an industry vary with the level of taxation, if the industry is—
 - (a) a joint stock company, or
 - (b) a private company ?
- (6) How should labour's share of the surplus profits (after making provision for fair return on capital and reasonable reserves) be determined on a sliding scale normally varying with production ?
- (7) Should surplus profits be shared every year or should a part be held in reserve for equalisation or any other purpose such as provision against past or future losses ?
- (8) How should labour's share of the distributable profits as determined under (6) and (7) above, be distributed, that is, whether by each undertaking or by each industry or by industry as a whole in each region or for all industrial undertakings in the country or by a combination of these methods ?

- (9) How should Government undertakings be treated for (1) to (8) above ?
- (10) What should be the nature of the machinery for the determination of fair return, etc., on the principles finally accepted by Government ?
- (11) If, in the light of the considerations mentioned above, profit-sharing appears impracticable, what, if any, are the alternatives available to give effect to the principles underlying Government's declared policy ? "

The Expert Committee submitted its report to Government towards the beginning of September. At the outset, the report admitted that it would not be possible to devise a method which would directly link labour's share of profit with production, but considered that the indirect effects on production would be sufficiently tangible to make an experiment in profit-sharing well worth while. The report, therefore, recommended that profit-sharing, as an experimental measure, should be tried in the first instance for a period of five years in the following industries: cotton textiles, jute, steel (main producer), cement, manufacture of tyres and manufacture of cigarettes. The report suggested that the computation of capital employed in industry should be on the basis of paid-up capital plus reserves (including all future allocations of reserves) held for purposes of business and recommended that 50 per cent. of the surplus profits should be distributed among workers. The report considered that individual worker's share of profit should be in proportion to his total earnings during the preceding 12 months minus dearness allowance and any other bonuses received by him. If an individual's share exceeded 25 per cent. of his basic wages, the report suggested that the cash payment should be limited to 25 per cent. of his basic wages and the excess should be held on his account either in the shape of provident fund or otherwise. The surplus profit was defined by the Expert Committee as the balance of profits left after providing for depreciation on income-tax basis, reserves at 10 per cent. of net profit and a return of 6 per cent. on capital employed in industries. As to the manner of distribution of labour's share of the surplus profits, the report recommended that it should be on an industry-cum-locality basis to begin with and it should be tried out in the textile industry in Bombay, Ahmedabad and Sholapur. The report was not unanimous, in that there were several dissenting minutes.

The report of the Expert Committee was considered by the Central Advisory Council at its first meeting held towards the latter part of November and the subject has since been referred to a Special Sub-Committee for further examination. (*Appendix 13.*)

PROPOSED FIXATION OF FAIR WAGES FOR INDUSTRIAL LABOUR.

The first meeting of the Central Advisory Council was held at Lucknow towards the latter part of November, when, among others, the subject of determination of the principles of fair wages and the statutory machinery required for securing the same, was discussed. The Council appointed a Sub-Committee to go into the question of fair wages and lay down the principles which should be adopted by every tribunal or court of arbitration in the fixation of wages, and asked the Sub-Committee to submit a report to the Council towards the middle of January 1949.

Early in December, the Fair Wages Sub-Committee issued a questionnaire to elicit information on the various issues arising from the proposal, which was also answered by the Association. It is understood that the Sub-Committee will consider the replies to their questionnaire early in 1949. (*Appendix 14.*)

ESTABLISHMENT OF CENTRAL ADVISORY COUNCIL OF INDUSTRIES.

In accordance with the decision contained in paragraph 7 of the Government of India's Statement on Industrial Policy, Government announced, towards the beginning of September, their intention to constitute a Central Advisory Council of Industries under the chairmanship of the Minister for Industry and Supply, and consisting of representatives of the Central Government, Constituent Assembly, Provincial Governments, major States and Unions of States, commerce, manufacturers' organisations, labour, and major industries. The functions assigned to the Council were :

- (1) To advise Government generally on industrial policy ,
- (2) To review periodically production in the major industries of the country and to advise Government on steps to be taken to secure the best use of the existing capacity ,
- (3) To advise Government on allocation of raw materials in scarce supply ,
- (4) To advise Government on the import of capital equipment and raw materials needed by the industry ; and
- (5) To deal with specific problems which might be placed before the Council by the Government from time to time

The Council was also authorised to appoint Committees to deal with major industries and with specific problems.

The Government resolution provided for the appointment, among others, of three representatives of the cotton textile industry on the proposed Council. The Committee recommended the name of Mr. T. V. Baddeley, C.B.E., for appointment as one of the representatives of the cotton textile industry.

Early in September, Government announced the constitution of the Council. The cotton textile industry was represented on the Council by Mr. T. V. Baddeley, C.B.E., Bombay ; Mr. S. C. Roy, Calcutta ; and Mr. R. Venkataswamy Naidu, Coimbatore.

CONSTITUTION OF COTTAGE INDUSTRIES BOARD.

In accordance with paragraph 8 of the resolution on Industrial Policy, the Government of India constituted a Cottage Industries Board early in August under the chairmanship of the Honourable Dr. Syama Prasad Mookerjee, Minister for Industry and Supply, with the following functions :—

- (i) To advise and assist Government on the organisation and development of cottage and small-scale industries.

- (ii) To examine and advise how cottage and small-scale industries can be co-ordinated with large-scale industries
- (iii) To examine the schemes of the Provincial and State Governments for the promotion of cottage and small-scale industries and to assist in co-ordinating them.
- (iv) To advise Government on the marketing of the products of cottage and small-scale industries in India and abroad.

The Board was authorised to appoint sub-committees for particular purposes. One such committee was required to deal with handloom production.

SHORT-TERM TARIFF POLICY IN RESPECT OF CERTAIN INDUSTRIES.

In paragraph 7 of the Government of India's Statement on Industrial Policy issued early in April 1948, the following industries such as salt, automobiles and tractors ; prime movers ; electric engineering ; other heavy machinery ; machine tools ; heavy chemicals, fertilisers and pharmaceuticals and drugs ; electro-chemical industries ; non-ferrous metals ; rubber manufactures ; power and industrial alcohol ; cotton and woollen textiles ; cement ; sugar ; paper and newsprint ; air and sea transport ; minerals and industries related to defence, were brought under central regulation and control in view of the fact that these industries required considerable investment or a high degree of technical skill and their location required to be governed by economic factors of all-India import.

In view of the importance of the above industries, Government considered that even an indication of a short-term tariff policy towards them would, on the whole, be beneficial, though conditions in the country were, by no means, such as would warrant enunciation of any long-term policy. Government, therefore, issued a resolution early in November, deciding that these industries should be dealt with on the same basis as the industries started or developed in war-time provided they satisfied the following conditions :

- (1) that the industry was established and conducted on sound business lines ; and
- (2) (a) that having regard to the natural or economic advantages enjoyed by the industry and its actual or probable costs, it is likely within a reasonable time to develop sufficiently to be able to carry on successfully without protection or State assistance ; or
 - (b) that it is an industry to which it is desirable in the national interest to grant protection or assistance and that the probable cost of such protection or assistance to the community is not excessive ;
- (3) Where a claim to protection or assistance is found to be established, i.e., if condition (1) and condition 2 (a) or (b) are satisfied, the Board will recommend : -
 - (i) whether, at what rate and in respect of what articles, or class or description of articles, a protective duty should be imposed ;
 - (ii) what additional or alternative measures should be taken to protect or assist the industry ; and
 - (iii) for what period, not exceeding three years, the tariff or other measures recommended should remain in force

GOVERNMENT OF INDIA'S ANTI-INFLATIONARY MEASURES.

The Government of India, after holding consultations with Provincial and States Ministers, economists and representatives of industry and labour, announced early in October, certain broad measures to combat the threat of growing inflation in the country, the most significant indication of which had been the continuous rise in prices during the year under review. The policy underlying these measures was stated by Government to have been dictated by certain broad considerations which were (a) to take all possible steps to keep the Government expenditure as low as possible consistent with efficiency, and to increase revenue by all available means, (b) to make a concerted effort immediately to ensure that there was no further rise in prices and the cost of living, (c) to so order future policy as to secure, in the shortest possible time, progressive reduction in prices to reasonable levels and the supply of an increasing volume of goods and services, and (d) to curtail, wherever possible, the purchasing power in the hands of the community and to prevent any addition thereto.

According to the Government Press note dated 4th October :

" In the field of Government expenditure, it has been decided that the budgetary gap between revenue and expenditure figures this year should be reduced as far as possible both by the Provinces and the Centre, and for the next year every effort should be made to provide surplus budgets. All avoidable expenditure will forthwith be postponed and all economies consistent with the maintenance of efficient administration will be enforced. It is not the Government's intention to hold up development, but in the present crisis, it is absolutely vital to avoid all unproductive expenditure. A committee of the Cabinet has been set up to carry out an urgent review of all development plans, both Central and Provincial, with a view to determine the relative priority of accepted schemes, so that expenditure on such of them as are not productive or could be postponed or slowed down, without detriment to the national welfare, might be deferred or curtailed.

Advice to Provinces - Provincial Governments have also been warned that in present circumstances they can expect no financial assistance from the Centre in the implementation of their plans for the abolition of Zamindaris or for Prohibition and that in trying to finance the cost of these schemes they should see that the Centre's borrowing programme is not affected. Provincial Governments are also being advised to strengthen their finances by the levy of an agricultural income-tax where it is not now levied.

The progress of the Bill for levying an estate duty, the entire proceeds of which will go to the Provinces and which is now before the Central Legislature, will also be expedited.

As regards prices, the public are aware that the policy of decontrol adopted last December has recently been reviewed, and the revised policy regarding control of foodgrains and textiles has been announced. The Government hope to secure by the revised policy an equitable distribution of foodgrains and cloth at reasonable prices well below the existing levels. When the revised policy comes into full operation there should be a marked decline in the present level of prices. The Government have also under consideration the question of securing a reduction in the price of sugar and a better distribution of other essential commodities like kerosene, iron, steel and cement, and they hope to be in a position shortly to announce their policy.

Wider facilities for investment —One of the main causes of the present crisis is the existence in the hands of large sections of the community of purchasing power far in excess of the available supply of goods resulting in a progressive increase in prices. The position will naturally improve if the public invest more in Government loans and in savings schemes. In order to stimulate investments the Government propose, in co-operation with the Provincial

Governments and States, to intensify the campaign for small savings. They have also decided to afford wider facilities for investments by the small investor in post offices. The maximum permissible limit for investments in Postal Savings Banks will be raised from Rs. 5,000 to Rs. 10,000 and in National Savings Certificates from Rs. 15,000 to Rs. 25,000. The Government have also decided to issue Treasury Deposit Receipts on favourable terms for 6, 9 and 12 months to cater for institutional investors seeking short-term investments and the details will be announced shortly by the Reserve Bank.

Concessions to stimulate production.—In the field of industrial production, Government have come to the conclusion that, in the present circumstances, some special steps should be taken to stimulate production and they have therefore decided to grant the following concessions :—

Firstly, the present rules regulating the allowances of depreciation on plant and machinery for income-tax purposes will be liberalised. Secondly, new industrial undertakings will be exempted from income-tax for a specified period. Thirdly, raw materials and plant and machinery imported into the country for industrial purposes will be granted relief in respect of customs duty, to the extent that this may be practicable without injury to Indian manufacturers of similar goods. Details of the concessions will be published shortly.

Restriction on Dividends —The Government attach the utmost importance to increasing the financial resources available for industrial development and at the same time preventing any addition to the existing purchasing power as an essential preliminary to further measures to check inflation. As a first step in this direction some form of limitation of dividends is necessary, and it has been decided that for public companies the amount distributed as dividend should not exceed the average of the two years ending with March 31, 1948, or 6 per cent. on the paid-up capital, whichever is higher. It has also been decided to postpone the repayment of the Excess Profits Tax deposits and of refundable E.P.T., for a further period of three years. Refunds will, however, be allowed for financing purchases of capital equipment.

The Government also propose to take action to secure in consultation with the Reserve Bank that the power recently conferred on the Reserve Bank to regulate the grant of advances by banks should be utilised to prevent speculation in commodities.

Industrial awards.—The Central Government are convinced of the imperative need for uniformity in legislation regarding industrial disputes and its application. Divergent policy and unco-ordinated action in this matter can result in embarrassing repercussions on the economy of the country at the present juncture. Alongside, therefore, of the Government's declared policy in this matter, they intend to take measure by legislation or otherwise to ensure that uniform principles will be adopted under the overall control of the Central Government in the reference of disputes to adjudication, and the provision for the review of awards by a statutory authority."

POSTPONEMENT OF REPAYMENT OF THE REFUNDABLE EXCESS PROFITS TAX AND THE E.P.T. DEPOSITS.

To give effect to the decision in the matter of repayment of the refundable Excess Profits Tax and the Excess Profits Tax deposits, Government amended by notification issued on the 8th October, the Excess Profits Tax (Post-War Refunds) Rules, 1942, by which the repayment of the refundable Excess Profits Tax was postponed to a date six years from the date of termination of the war or 60 months from the date of payment of the Excess Profits Tax whichever was later. This was followed by the promulgation of the Excess Profits Tax Ordinance (Amendment) Ordinance on the 9th October under which the repayment of the Excess Profits Tax deposits was postponed to a date five years from the date on which such deposits were made.

CONCESSIONS TO THE INDUSTRY TO STIMULATE PRODUCTION.

Later in the month, Government announced the following details of certain concessions to the industry to stimulate production :—

“The rules regulating the allowance of depreciation on plant and machinery for income-tax purposes are being liberalised. Commencing with the assessment for the year 1948-49, depreciation will be allowed on new buildings, plant and machinery set up on/or after April 1, 1948, at double the existing rate for the first five years and thereafter at the prescribed rate, subject to the condition that the total amount of depreciation does not exceed the original cost of the assets. For factories working on triple shift, additional allowance will also be given up to a maximum of 100 per cent. of the normal.

In order to promote the installation of new machinery, it has been decided to give a further concession. If after a period of five years the price of machinery falls below the original cost, the difference between the written down value of the asset and the corresponding value at the reduced price will be allowed as additional depreciation.

New Industrial Undertakings — For new industrial undertakings of specified categories which commence production in India within a period of three years from April 1, 1948, exemption of income-tax will be allowed for a period of five years on the profits upto a limit of 6 per cent. per annum of the capital employed in the undertaking. If in any particular case the period of three years within which production should commence proves inadequate, Government propose to consider the question of extending it at the appropriate time.

Government also announced their intention of granting some relief in respect of customs duty on raw materials and plant and machinery to the extent to which this can be done without injury to Indian manufacturers of similar goods. It has been decided to reduce the present import duty of 10 per cent. on plant and machinery to 5 per cent. except in the case of certain items where it is proposed either to levy a protective duty or to refer the matter to the Tariff Board. The reduction will apply to all items of machinery in the tariff except electric motors, belting and steel belt lacing, grinding wheels and segments and certain items of textile machinery, namely, spinning rings, wire healds, pickers and bobbins.

Industrial Raw Materials — As regards industrial raw materials, the entire duty on craft paper, emery and synthetic grains used by the manufacturers of coated abrasives will be refunded. The import duty on cotton yarn will be abolished and the duty on rough lens blocks, unwrought optical glass in blocks, moulds and sheaths and spectacle crown sheet glass will be reduced from 30 per cent. *ad valorem* to 20 per cent. *ad valorem*. The existing duties on iron and steel scrap, ball clay and graphite electrodes will be abolished. The possibility of reducing the duty on certain other items is under examination.”

REDUCTION IN IMPORT DUTY ON PLANT AND MACHINERY AND ABOLITION OF DUTY ON COTTON YARN.

Government also issued, on the 23rd October, a notification under section 23 of the Sea Customs Act, reducing the import duty on plant and machinery with the exception of belting, spinning rings, wire healds, pickers and bobbins, and grinding wheels and segments, from 10 per cent. to 5 per cent. *ad valorem*. The duty on cotton yarn imported into the country was abolished. (*Appendix 15.*)

THE PUBLIC COMPANIES (LIMITATION OF DIVIDENDS) ORDINANCE, 1948.

As regards the restriction on dividends, Government promulgated on the 29th October, the Public Companies (Limitation of Dividends) Ordinance, under which no public company was allowed, after the commencement of the Ordinance, to distribute as dividend during any financial year, a sum exceeding 6 per cent. of the paid-up capital of the company, or the average dividend distributed in the two years ending with 31st March 1948, whichever was higher. (*Appendix 16.*)

INDIAN INCOME-TAX (AMENDMENT) ORDINANCE, 1948.

In furtherance of its anti-inflationary policy, Government promulgated, towards the end of December, an Ordinance further to amend the Indian Income-tax Act, 1922, with a view to enabling the Income-tax Officers to make a provisional assessment and collect immediately from assesseees the tax due on their admitted income, without prejudice to the calculation of the accurate final demand in due course of time. The Ordinance provided for the grant of all allowances and set-off under sections 10 and 24 of the Act respectively, on the basis of the returns submitted by the assesseees, while making the provisional assessment. The Ordinance took away the right of appeal against provisional assessment orders. (*Appendix 17.*)

REDUCTION IN THE EXPORT DUTY ON CLOTH.

(See also pages 40 and 147 of Report for 1947.)

Reference was made on page 40 of the Association's report for 1947 to the Committee's representation in connection with the levy of an export duty of 4 annas per square yard on cloth and 6 annas per lb. on cotton yarn exported out of India, under the Indian Finance (Supplementary) Bill which was enacted towards the latter part of November 1947. Under the Indian Finance Act 1948, the specific duty on cloth was replaced by an *ad valorem* duty of 25 per cent.; the handloom cloth was exempted from the levy; and the duty on cotton yarn was withdrawn.

The Committee felt that there was very little justification for imposing so high a duty as 25 per cent. The high prices of cotton and other causes like increase in wages, etc., had raised the internal prices of cloth considerably, and it was likely that with the *ad valorem* duty of 25 per cent., Indian-made cotton piecegoods would, by no means, be favourably placed in overseas markets *vis-à-vis* India's overseas competitors, and consequently export markets acquired by India after much study and honest effort after several years, might be lost. That the policy of Government was to encourage exports was clear from the recent increase of quotas for export to sterling areas, and from the proposed allotment of quotas to hard currency countries. The Committee, therefore, felt it all the more necessary to bring to the notice of Government a factor which, if not dealt with properly, would lead to the frustration of that policy. In a representation addressed to Government early in May, urging a substantial reduction in the rate of duty the Committee submitted that the acceptance of their suggestion by Government would not lead to any shrinkage in Government's revenues, for, with the increased prices, a much lower rate of *ad valorem* duty would yield the same revenue.

Early in November, Government announced as a part of its anti-inflationary measures, heavier import duty on luxury goods such as spirituous liquors, tobacco, cigars and cigarettes, motor cars, textile goods containing not less than 50 per cent. of silk or art-silk or both, and a number of miscellane-

ous articles. As regards the export duty on cloth, the Government Press *communiqué* stated :

"Representations have been made recently that the export duties on cotton textiles and the export duties on oils and oilseeds, particularly castor oil and castor seed, have been acting detrimentally to the interests of our export trade. Government after examining the matter in all its aspects, and as a necessary measure of relief to our industry and trade, have decided finally to reduce the export duty on cotton textiles from 25 per cent *ad valorem* to 10 per cent *ad valorem* and to abolish, with immediate effect, the export duty on castor oil and castor seed, which commodities alone in their opinion merit this concession."

Accordingly, Government notified the reduction in the export duty on cloth from 25 per cent. to 10 per cent. *ad valorem*. (*Appendix 18.*)

EXCISE DUTY ON SUPERFINE CLOTH.

(See also page 59 of Report for 1926.)

Reference was made on page 59 of the Association's report for 1926 to the repeal of the Cotton Duties Act, 1896.

Towards the end of the year under review, the Government of India promulgated in furtherance of its anti-inflationary policy, an ordinance further to amend the Central Excise and Salt Act, 1944, levying, with effect from 1st January 1949, an excise duty of 25 per cent. *ad valorem* on superfine cloth, i.e., cloth with warp count of 48s and above as defined in the Cotton Textiles (Control) Order, produced in the Indian cotton mills. Mills were required to take out a licence for the manufacture of superfine cloth on payment of the prescribed fee of Rs. 100 and to renew the same every year on payment of a similar amount. Mills were also required to execute a bond with the Central Excise authorities with a security of Rs. 10,000.

The Committee addressed to the Government of India the following telegram protesting against the levy of such a duty :

"Committee Millowners' Association, Bombay, submit their respectful but emphatic protest at Ordinance re excise duty on superfine cloth. They are also painfully surprised at Government issuing Ordinance without previous consultation with Textile Advisory Committee.

According to orders passed on to mills by Central Excise Collector mills are expected to apply for a manufacturing licence on payment of rupees one hundred and renew it every year on payment of rupees one hundred. They are further required to deposit a security of rupees ten thousand. Even, when the old cotton excise duties were in force industry did not have to submit to these formalities.

Duty being a tax on production is unjust and unfair to a section of industry which was developed in consequence of recommendations made by successive Tariff Boards and at considerable cost and difficulty. There is already an import duty of two annas on foreign cotton imported into India and the excise duty will impose a further handicap on Indian industry in competing with superfine manufacture imported from abroad. Committee request assurance that duty will be removed when Government control on cloth is removed or when Indian-made cloth is no longer competitive with imported cloth whichever is earlier." (*Appendix 19.*)

THE INDIAN TARIFF BOARD.

(See also page 33 of Report for 1947.)

Reference was made on page 33 of the Association's report for 1947 to the reconstitution of the Tariff Board.

Early in August, in the year under review, the Government of India assigned, by a resolution, to the Tariff Board, the following further functions :

- (1) to enquire, as and when required by Government, into the cost of production of a commodity produced in the country and to determine its wholesale, retail or other prices, and to report on the same ;
- (2) to recommend to Government as and when required, measures necessary for the protection of India's industries from dumping from abroad ;
- (3) to undertake studies, as and when necessary, on the effects of *ad valorem* and specific duties and tariff valuations on various articles and the effects of tariff concessions granted to other countries ; and
- (4) to report to Government, as and when necessary, on combinations, trusts, monopolies and other restraints on trade, which may tend to affect the industries enjoying protection by restricting production, or maintaining or raising prices and to suggest ways and means of preventing such practices.

The Tariff Board was also required to maintain a continuous watch over the progress of protected industries by conducting enquiries as and when necessary, on the effect of the protective duties or other means of assistance granted, and to advise Government regarding the necessity or otherwise of modifying the protection or assistance granted. The Board was further charged with the responsibility of keeping a careful watch to ensure that conditions attached to the grant of protection were fully implemented and that the protected industries were being run efficiently.

COTTON TEXTILE CONTROL.

TEXTILE ADVISORY COMMITTEE.

(See also page 38 of Report for 1947.)

Reference was made on page 38 of the Association's report for 1947 to the Government of India's resolution regarding partial relaxation of control over cotton cloth and yarn.

Subsequent to the issue of the above resolution, it was understood that the Textile Control Board would be replaced by an Advisory Committee to advise Government on various matters such as prices of cloth and yarn, and that invitations had been issued by Government to certain individuals to serve on it. Towards the end of February 1948, the Committee, therefore, addressed the following telegram to the Government of India :—

" Committee Millowners' Association Bombay understand Government propose setting up Advisory Committee to replace Textile Control Board and to advise Government on various matters such as prices cloth and yarn, etc. Also understand invitations have been issued by Government to certain individuals to join proposed Advisory Committee. We consider that representation on proposed Advisory Committee should be on institutional

basis and that established Millowners' Associations in India should be invited to appoint representatives, each organisation being afforded representation according to its representative character. Advice tendered or decisions taken by representatives of institutions would have the moral support of institutions concerned which is what is required in securing compliance with all orders and regulations issued by Government."

In reply, Government stated that it was their intention to have two Committees of which one would consist of selected experts in their personal capacity, who would advise Government on textile policy, while the other would consist of representatives of regional associations of millowners which would advise the Textile Commissioner on matters which were dealt with by the Industry's Committee of the Textile Control Board. (*Appendix 20.*)

Towards the middle of May, Government abolished the Textile Control Board and a Textile Advisory Committee was formed with the following functions :

- (a) To advise Government from time to time on cotton textile policy and particularly on the fairness of prices of cloth and yarn fixed by the industry ; and
- (b) to advise generally on matters pertaining to the development of the textile industry, allocation of spindleage, loomage for expansion, assistance as regards raw materials, mill stores, coal, transport, etc.

The Committee consisted of Mr. Krishnaraj M. D. Thackersey ; Mr. Neville N. Wadia ; Mr. Kasturbhai Lalbhai ; Mr. Ambalal Sarabhai ; Sir Sri Ram ; Mr. Mangtaram Jaipuria ; Mr. R. C. Jall ; Mr. G. D. Birla ; Mr. S. C. Roy ; Mr. B. W. Batchelor ; Sir James Doak ; Mr. Hariharnath Shastri ; Mr. Khandubhai K. Desai and Mr. T. A. Ramalingam Chettiar. Towards the middle of August, Prof. N. G. Ranga ; Mr. A. D. Balasundaram ; Mr. Y. M. Panikkar ; Mr. Satish Chandra Das Gupta ; Mr. A. S. Thakore ; Mr. Sukumar Datta and Sir Chunilal B. Mehta were also appointed to this Committee.

COMMITTEES TO ADVISE TEXTILE COMMISSIONER.

Early in June, Government also appointed the following three Committees to advise the Textile Commissioner in matters connected with his day-to-day duties :

- (1) Committee No. 1 consisting of Mr. Krishnaraj M. D. Thackersey, Mr. Kasturbhai Lalbhai and Sir Shri Ram for working out prices of cotton textiles required by Government and to assist in the allocation of contracts for cotton textile materials ;
- (2) Committee No. 2 consisting of Mr. Krishnaraj M. D. Thackersey, Mr. Kasturbhai Lalbhai, Mr. R. G. Saraiya and Sir Chunilal B. Mehta, to advise on questions relating to raw cotton, and
- (3) Committee No. 3 consisting of Mr. Krishnaraj M. D. Thackersey, Mr. Narottam P. Hutheesingh, Sir John Greaves, Mr. S. H. Bhagawati, representing the Association of Merchants and Manufacturers of Textile Stores and Machinery, Bombay, and Mr. F. Edward, Director, Messrs. Brady & Co., to advise regarding the import and distribution of mill-stores.

COTTON TEXTILES (CONTROL) ORDER, 1948.

The Government of India's resolution on partial decontrol of cloth and yarn necessitated certain modifications in the existing control orders affecting cloth and yarn.

Towards the latter part of February, Government issued the Cotton Textiles (Control) Order repealing the following orders, and re-enacting certain provisions thereof: (1) Cotton Cloth and Yarn (Control) Order, 1945; (2) Cotton Cloth (Control of Printing) Order, 1945; (3) Cotton Textiles (Sizing and Finishing) Control Order, 1945; (4) Cotton Textiles (Raw Materials and Stores) Order, 1946; and (5) Textile Industry (Control of Production) Order, 1947.

COTTON TEXTILES CESS BILL, 1948: LEVY OF A CESS ON CLOTH AND YARN.

In paragraph 8 of the resolution on partial decontrol of cloth and yarn, the Government of India considered that it would not be desirable to have the same variety of cloth selling in the market at two different prices, and, therefore, decided to collect the difference between the old and new prices for the benefit of public revenues from the mills on the basis of stocks held by them on the 31st December 1947 or on the 20th January 1948 whichever was greater and from stockholders on the basis of stocks held by them on the later date. With this end in view, a Bill to impose a cess on cotton cloth and yarn was, therefore, introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Minister for Industry and Supply, towards the beginning of February. The Bill was passed by the Assembly and received the assent of the Governor General on 1st March 1948. The Act was brought into force, with retrospective effect, from the 31st December 1947. (*Appendix 21.*)

DISTRIBUTION OF CLOTH AND YARN FROM MEMBER MILLS.

The Government of India's resolution on partial decontrol of cloth and yarn also placed on the industry the responsibility for fixing reasonable prices for cloth and yarn. Considering the situation in the country consequent upon the partial decontrol the following resolutions were passed at an urgent General Meeting of the members of the Association convened early in March:

"1. This urgent General Meeting of the members of the Millowners' Association, Bombay, declares that it should be the aim and object of every member of the Association to devise such practicable measures as would effectively help the actual consumer in this country in securing his reasonable requirements of cloth and/or yarn at fair prices."

2. "This object can be secured by the management of every member mill of the Association taking keen, active and personal interest to ensure,—

- (a) that the control orders continue to be fully complied with, both in letter and spirit, by the mills, and
- (b) that distribution, as far as it lies within the direct practical control of the manufacturer, does not give room for practices which are calculated to cut at the root of the main objective described in para 1."

3. "This meeting unreservedly condemns any and/or all measures used by any person or persons connected with the textile industry and the cloth trade, designed to secure prices higher than the wholesale and retail prices authorised by the Panel members for wholesale and retail sales respectively."

4. "The Committee of the Association be and are hereby authorised to investigate complaints of alleged malpractices relating to sales and/or distribution of cloth and/or yarn by any person or persons connected with any member of the Association, and to take such disciplinary action including expulsion from the Association as they may, by a majority of votes cast at a meeting of the Committee specially convened for the purpose, decide, and such decision shall be binding on the member or members concerned, as if it were given at a meeting of members of the Association duly convened for the purpose."

5. "While this meeting recognises the practical difficulties underlying the institution of an effective control on distribution by merchants, it calls upon every member to ensure that the first buyer from the mill sells his stocks at not more than 5 per cent over the authorised ex-mill price. The following clause must be included in wholesale contracts for the local market :—

"Clause to be put in wholesale Contracts — 'This contract is made on the additional condition that the said goods shall not be sold in wholesale quantities by the buyer at more than 5 per cent over the contract price save in the case of genuine retail sales'

"The logical corollary to the above provision would be for mills to cancel such contracts and to refuse to deal with such of the wholesale merchants as have been proved to be guilty of transgressing this limit, and this meeting calls upon every member to act accordingly"

6. "Further resolved that the Chairman of the Association be authorised to take such steps as, in his opinion may be necessary, to give publicity to the resolutions of the meeting"

DECONTROL OF CLOTH AND YARN.

Towards the latter part of April, the Government of India announced by a Press Note, their decisions regarding further relaxation of control over cloth and yarn and these decisions were subsequently incorporated in the following resolution issued by Government early in May 1948 :

"No 90/10-Tex 1/48 - In their Resolution No. 90/1-Tex 1/48, dated the 22nd January 1948, the Government of India announced their decision regarding relaxation of control of cotton textiles. The Government of India have viewed with great concern the rising trend in cloth prices, which has followed the relaxation of control in January last but have decided to relax the control further in the hope that the textile industry and the trade will thereby be in a position to so operate that cloth will become available to the consumer at reasonable prices. The industry and trade will be expected to secure such distribution during the next three months

The Government of India have decided that with immediate effect the stamping of ex-mill and retail prices of cloth will be discontinued. The existing regulations regarding the movements of cloth and the marking of the month and year of production will, however, continue.

The Textile Commissioner will arrange for supplies of cloth at ex-mill prices to co-operative societies which are nominated for the purpose by the Provincial and State Governments out of the portion of the production held by each mill at his disposal

The control over distribution of yarn will be discontinued, but the Government of India retain the right to requisition or earmark for the handloom industry at least as much yarn as is now being supplied under the All India Yarn Distribution Scheme to ensure the

availability of yarn at reasonable prices. To this end, the Government of India propose to invite the Provincial and State Governments to utilise co-operative societies of weavers and other similar organisations to undertake the distribution of yarn. To such agencies, allocations will be made directly from the mills which will be expected to sell the yarn at fair prices

The Government of India have also decided that handloom goods should be freely licensed for export to all permissible destinations until the end of July 1948. This, it is hoped, will help the handloom industry to tide over its present difficulties. If it is found that this free licensing results in too large a volume of exports of handloom cloth, adjustments will be made against future export quotas. Meanwhile, the handloom weavers will be expected to convert their production to types and varieties of cloth in demand in the country to the extent possible and to reduce their costs of production.

The Government of India have also taken the following decisions :—

- (1) The existing limit to quantities of cloth which can be taken as personal luggage by railway within the Indian Union will be raised from 13 lbs. to 30 lbs. The limit will, however, remain at 13 lbs., in the case of passengers travelling from the Indian Union to Pakistan.
- (2) Control over the distribution of millstores will continue as at present, except as regards dyes and hydro-sulphide of soda, which will henceforth be allowed to move freely through normal trade channels.

The Government of India intend to watch the situation for the next three months. Meanwhile, they are considering what steps should be taken to absorb in the public exchequer the excessive profits made by the industry and the trade and to ensure that cloth is made available to the consumer at reasonable prices."

TARIFF BOARD'S ENQUIRY INTO THE LEVEL OF PRICES OF CLOTH AND YARN MANUFACTURED IN INDIA.

(See also pages 35 and 36 of Report for 1947.)

Reference was made on pages 35 and 36 of the Association's report for 1947 to the recommendations of the *Ad Hoc* Departmental Committee on the question of revision of prices of cloth and yarn, and to the Government of India's resolution dated 17th November 1947 directing the Tariff Board to inquire into the prices of cloth and yarn.

Early in March, Government by a resolution amended the terms of reference of the Tariff Board so as to enable it (i) to inquire into the cost of production of the various types of cloth and yarn produced and to estimate fair ex-mill prices of cloth and yarn; and (ii) to devise a suitable method for necessary adjustments from time to time in the fair ex-mill prices of cloth and yarn so as to allow for major fluctuations in the prices of raw cotton and other elements of cost of production.

Subsequently, the Tariff Board issued a questionnaire in connection with the above inquiry, which was answered by the Committee.

Oral evidence before the Board was tendered by representatives of the industry from various centres. These representatives subsequently met in the rooms of the Association and authorised the issue of the following statement to the Press :

"The representatives of the cotton textile industry who were present in Bombay on 4th May 1948, in connection with the Tariff Board Enquiry, desire to express their grave

concern at the prevailing high prices at which the consumer is to-day able to buy his reasonable requirements of cloth and yarn, and they feel they owe it to themselves and the Associations which they represent, that their position should be made quite clear to the public. On 19th January 1948, Government removed the price control over cloth and yarn, but from that date certain prices, voluntarily agreed to by the industry, were stamped on cotton goods. Since then, there has been a steep rise in prices in cotton, mill stores, etc. For instance, Egyptian cotton which was available at round about Rs. 1,500 went up to about Rs. 2,400 in March, and almost touched Rs. 3,000 in April 1948. East African cotton which was selling at Rs. 920 in January, rose to Rs. 1,300 in March and Rs. 2,250 in April. Cotton being the greatest single factor in the cost of cloth, a further upward adjustment in prices to compensate the rise in the cost of raw material subsequent to January 1948 was absolutely necessary. The justification for an increase in price on account of the recent steep increases in the price of cotton, etc., is also conceded in the Government Press *communiqué* dated 25th April 1948.

It is an accepted fact that the actual production of cloth in this country is even now below the pre-war level; demand exceeds supply very greatly, more especially in view of the increased purchasing power of the masses, and the extreme difficulty of arranging an equitable distribution of such short supply among the 320 million people in this country can easily be realised. Moreover, the smuggling of cloth to foreign countries has recently been reported to have assumed alarming dimensions. This economic fact has attracted a large number of speculators who have raised the prices to absurd levels. The consumer's difficulties are further accentuated by the fact that transport service is disorganised, which creates a further lag between supply and demand. So far as the industry itself is concerned, it has no desire to charge unreasonable prices. It has under consideration a system of retail shops or retail selling agencies in important centres, at which arrangements would shortly be made for the consumer to secure his reasonable requirements of cloth at fair prices. In Bombay and Ahmedabad these shops will commence to function at a very early date, and the shops in other centres will follow later. The consuming public will, however, appreciate that it is beyond the power of the industry to directly serve the entire population of the country, the majority of whom live in villages, through these shops; but direct retail shops in principal centres will help to bring down prices to reasonable levels throughout the country.

• More than anything which the industry can do, the public themselves can, by self-restraint, bring back fair prices of cloth, and we strongly recommend the public: (1) to refrain from buying cloth unless it is absolutely necessary, and (2) to buy only the very bare necessities during the next few months. We have no doubt that the present abnormal prices cannot last long, and we suggest that, if the public were to refuse to purchase at the present level of prices, prices must come down considerably." (*Appendix 22.*)

ASSOCIATION'S FAIR PRICE SHOPS FOR SALE OF CLOTH IN BOMBAY CITY.

The above statement was followed up by the Committee of the Association and 26 shops were set up in Bombay City from the middle of June. The shops were discontinued towards the end of October consequent upon the decision of the Government of Bombay to introduce rationing of cloth in Bombay.

REIMPOSITION OF CONTROL ON CLOTH AND YARN.

The Tariff Board was reported to have submitted its report to Government early in July, but it was not published by Government. Later in the month, Government issued the following resolution:

• "No. 90/14-*Tex.* 1/58.- In their Resolution No. 90/1-*Tex.* 1/48, dated the 22nd January 1948, the Government of India announced their decision to relax by degrees control over cotton textiles. In their Resolution No. 90/10-*Tex.* 1/48, dated the 4th May 1948, control was further relaxed in the hope that the textile industry and the trade would so

operate that cloth would soon become available to the consumer at reasonable prices. These hopes have not materialised. Since 24th April 1948, when price stamping was removed, prices have moved up sharply, in some cases to fantastic heights. Although there has recently been a fall in wholesale prices from the peak heights reached in May 1948, there is no indication yet that the retail prices will soon come down, in spite of the increase in production which has been manifest in the last few months and the fact that cloth has recently moved in large quantities from the main producing centres to the consuming areas. There has been growing dissatisfaction among the public over the existing situation. The Government of India realise that the rise in price of cloth is only one of the many disquieting factors in the present economic situation of the country. The broad measures necessary to meet the general situation are under their active consideration. Meanwhile, however, they consider that as cloth is one of the essential necessities of life, some measures are immediately necessary to make it available to the public in adequate quantities at reasonable prices.

2. With this end in view, the Government of India have had consultations with the Textile Advisory Committee as well as with Provincial Premiers and Prime Ministers of States. It was the unanimous view of the Provincial and State authorities that the present situation should not be allowed to continue unchecked. After carefully considering the situation, the Government of India have come to the conclusion that control over the production, distribution and prices of cloth and yarn must immediately be reimposed. They have accordingly decided to take the following steps :—

- (i) To ensure that the productive capacity of the mills is fully utilised, Government will set up machinery to prevent a fall in production and the manufacture of unsuitable or non-durable cloth.
- (ii) Government will fix fair prices of cloth and yarn, ex-mill. The Tariff Board which had been asked to report on the fair prices of cloth has recently submitted its report, and this is at present under the consideration of Government. Pending a decision on the recommendations of the Tariff Board, Government will fix prices *ad hoc*.
- (iii) Such prices will be stamped on all cloth and yarn, ex-mill. Such stamping will be done on existing stocks with the mills, and orders have already been issued freezing stocks with the mills for this purpose.
- (iv) Distribution to Provinces and States according to quotas will be only through wholesalers, approved or nominated by Provincial Government or States. These authorities have already been requested to forward the lists of such wholesalers to the Textile Commissioner, and it is hoped that distribution of stamped cloth through these channels will begin very soon.
- (v) Of the cloth so distributed to Provincial Governments and States, a certain amount will be distributed through shops controlled by them. The exact method of distribution must naturally be decided by them, but it has been suggested to them that in the initial stages such controlled shops should cater to the needs of lower income groups.
- (vi) The balance of the cloth allotted to Provinces and States will be distributed through consumers' co-operative societies and through normal trade channels. Provincial Governments and States will exercise a general supervision over such trade channels and they have already been requested to introduce a system of licensing retail shops. It is not the intention to restrict or to interfere with the working of these channels so long as the distribution is within the Province or State concerned and the prices charged are correct.
- (vii) Retail shops in Provinces and States, both controlled and uncontrolled, will be allowed to charge an extra margin over the ex-mill prices stamped on the cloth according to the rate fixed by the Provincial Governments or States, for which the Central Government will prescribe a maximum.
- (viii) Powers will be assumed by the Central, Provincial and State Governments by which they can requisition cloth from wholesalers and dealers at prices considered fair by them. This power is intended to be used for checking hoarding, profiteering and other malpractices, and will be freely used.

- (ix) Although the primary responsibility of implementing the Textile Control will rest with Provinces and States, an Enforcement Branch is also being immediately set up by the Central Government. Government will also assume adequate powers to deal drastically with infringements of the Textile Control in all its aspects
- (x) The movement of stamped cloth from the mills to retail shops will naturally take some time. Meanwhile, there is a considerable quantity of cloth which is unstamped and which is at present with the wholesalers and retailers. Sale of such cloth will be permitted upto 31st October 1948. The stocks of unstamped cloth are so large that, unless wholesalers and dealers engage in malpractices, there should be no shortage of cloth in the country during this period. Powers of requisitioning will be freely used if malpractices occur.

The Government of India will also, in consultation with the Provinces and the interests concerned, take up immediately the question of controlling the prices of Indian raw cotton."

REPEAL AND RE-ENACTMENT OF COTTON TEXTILES CONTROL ORDER.

Towards the beginning of August, the Cotton Textiles (Control) Order which was issued by Government in February was repealed and was replaced by a new order which re-enacted, with necessary changes, the provisions of the repealed order besides incorporating therein provisions relating to price control. (*Appendix 23.*)

CONTROL OVER PRODUCTION OF MILL-MADE CLOTH.

Towards the latter part of October 1948, the Textile Commissioner circulated to all textile mills in India the draft of an Order containing measures of control over the production of cloth, which was intended to be enforced with effect from the beginning of December. It was stated that the Government of India had decided to introduce this measure of control with a view to (a) securing the maximum possible production out of the equipment at present available, (b) producing cloth of such varieties as was required by consumers in different parts of India, and (c) increasing the production of durable cloth to the maximum extent possible. The draft scheme provided for the grant of deviations from the production control by the Textile Commissioner, if, due to special conditions of machinery and other reasons, any mill qualified for such a deviation.

COTTON TEXTILES PRODUCTION (CONTROL) COMMITTEE.

Subsequently, Government appointed a Cotton Textiles Production (Control) Committee consisting of Mr. T. Shivashankar, I.C.S. (*Chairman*), Mr. Ambalal Sarabhai, Sir James Doak, Mr. Neville N. Wadia, Mr. S. C. Roy, Mr. Khandubhai K. Desai, Mr. Chandulal P. Parikh, Mr. T. P. Barat, M.B.E., and Mr. B. D. Tande, to examine the measures necessary for exercising control over the production of cloth and yarn in mills. This Committee was further charged with the duty of examining, amongst other things, the tentative measures of control over production proposed to be introduced by the Textile Commissioner's draft Order, and the desirability and practicability of rationalising the varieties of cloth to be produced by the mills.

The draft order of the Textile Commissioner together with the questionnaire of the Cotton Textiles Production (Control) Committee was carefully examined and answered by a Special Sub-Committee of the Association. The Special Sub-Committee also tendered oral evidence before the Production Committee, at its meeting held on the 8th December.

The Textile Commissioner's draft Order was finalised, and published in the *Gazette of India Extraordinary* dated 30th November 1948. The production control came into force on 1st January 1949. (*Appendix 24.*)

ESSENTIAL SUPPLIES (TEMPORARY POWERS) (AMENDMENT) ACT, 1948.

(See also page 63 of Report for 1946.)

Reference was made on page 63 of the Association's report for 1946 to the Essential Supplies (Temporary Powers) Act providing for the continuance of power to control the production, supply and distribution of trade and commerce in certain essential commodities including cotton and woollen textiles.

Early in September, a Bill to amend the Essential Supplies (Temporary Powers) Act was introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Minister for Industry and Supply. The statement of objects and reasons attached to the Bill read :

"In order to tighten up the machinery for the enforcement of the control on cotton textiles, it is proposed that in cases involving a contravention of any order issued under the Essential Supplies (Temporary Powers) Act, 1946 (XXIV of 1946) in respect of cotton textiles, the trying Court shall

- (1) award a sentence of imprisonment to the offender, and
- (2) order the forfeiture of the property in respect of which contravention of the order has taken place

2 The Bill is designed to give effect to these proposals by amending the proviso to section 7 (1) of the Essential Supplies (Temporary Powers) Act, 1946 "

The Bill was passed by the Assembly and received the assent of the Governor-General on 23rd September 1948.

TEXTILE CONTROL ENFORCEMENT SCHEME.

Subsequent to the reimposition of control on cloth and yarn, the Government of India appointed a Director of Enforcement for enforcing the textile policy of Government. This officer prepared a scheme of enforcement which envisaged the appointment of a host of textile enforcement staff with the following functions :—

- (a) to stop all leakage of cloth and yarn and sabotaging in the production of cloth and yarn in the mills ;
- (b) to stop inter-Dominion and inter-Provincial smuggling ;
- (c) to co-ordinate and direct the working of the enforcement staff which will be appointed by Provincial, State and Union Governments for the purposes of exercising effective control on cloth and yarn collection, transport, and their eventual distribution to the consumer ;

- (d) to investigate really important and inter-Provincial cases, and to exercise effective control on cases which are investigated by the police of Provinces, States and Unions; and
- (e) to keep a look-out for corruption and malpractices among Government servants, transport agencies and other organisations connected with textile control.

The powers proposed to be assigned to the enforcement staff included, among other things :

- (1) Conducting searches under the Criminal Procedure Code, Customs laws, Excise laws, Cotton Cloth and Yarn Control Order and other laws connected with textile control.
- (2) Stopping all transport, including railway trains, motor vehicles, steamers, boats, etc., etc., for conducting these searches ; to break open if necessary, sealed railway wagons and sealed godowns of shops, etc., as also sealed godowns of cloth and yarn mills, warehouse, godowns of wholesale and retail firms for the afore-said purposes ; to break open sealed packages for the above work.
- (3) Entering any department of the mill at any time of the day or night and inspect the records and goods of the mill for purposes of check and general control. It was laid down that the mill authorities should be liable to punishment for failure to produce any records required for inspection or to obstruct the visits and inspection by officers of the Enforcement Department in any department or any part of their mill.

The scheme also required that all the Watch and Ward Staff in the mills should be immediately placed under the Director of Enforcement and be vested with all the powers and liabilities of police constables and head constables, according to their status, with respect to textile enforcement. The Watch and Ward Staff should also be under the disciplinary control of the Director of Enforcement, and would as such be liable to punishment, dismissal, transfer, etc., under his orders or the orders of other officers to whom such power was delegated by him. The Administrative officers in the mills in charge of the Watch and Ward Staff were similarly required to be placed under the Director of Enforcement.

In a communication addressed to the Hon'ble Dr. Symaprasad Mookerji, Minister for Industry and Supply, the Chairman of the Association, while expressing his desire that everything possible should be done to ensure that there was no leakage of stocks from the mills or from the channels of distribution, and that whatever was produced by the mills should go into consumption at the price fixed by Government, pointed out that there was no justification whatsoever for all mills without distinction being regarded as criminal subject to police surveillance. He, therefore, suggested to Government that the Director of Enforcement should hold discussions with the representatives of all millowners before anything was done in the matter with a view to see that a system of enforcement was built up which would rather produce results without creating suspicions on either side. Nothing has since been heard about the enforcement scheme. (Appendix 25.)

PRICE CONTROL ON CLOTH AND YARN EXPORTED FROM INDIA.

(See also page 52 of Report for 1945.)

Reference was made on page 52 of the Association's report for 1945 to the Cloth and Yarn (Export Control) Order. Clause 4 of the Order prescribed the basis for fixing the prices at which cloth and yarn should be sold for export.

Early in February 1948, the Government of India lifted the price control over exports of cloth and yarn to all places outside India except to Australia, British East Africa (Kenya, Uganda and Tanganyika) and Sudan. The Government press note issued in May, in connection with further relaxation of textile control, stated, *inter alia*, that there would be no export price as such fixed by law for export to any country, except in the case of Australia, British East Africa and Sudan. The implication of the exception made in respect of these three countries, however, was not clear and the Committee of the Association, addressed the following telegram to Government early in May :—

" Last paragraph of Government Press note issued May eighth refers to removal price control on exports except in case of Australia, British East Africa, Kenya, Uganda, Tanganyika and Sudan. This reference not understood. Are we to presume that price control and price stamping provisions are still in force in respect of exports to countries mentioned. If so who will fix prices. Respectfully submit that continuance of price control and price stamping on exports to countries named is pointless when Government have announced the removal of all controls "

No reply was, however, received from Government. Though Government subsequently reimposed control over cotton cloth and yarn towards the end of July, the applicability of price control in respect of exports was nevertheless not clear. The Committee, therefore, addressed the following further telegram to Government :—

" We presume there is at present no statutory restriction as regards prices charged on cloth and yarn exported from India particularly to Australia, East Africa and Sudan. Will you please wire confirmation "

Government, in reply, confirmed that export prices of cloth and yarn were still controlled for Australia, Sudan, Kenya, Uganda and Tanganyika.

DECONTROL OF CLOTH AND YARN IN BOMBAY PROVINCE.

(See also pages 51 and 52 of Report for 1945.)

Reference was made on pages 51 and 52 of the Association's report for 1945 to the Bombay Cloth Rationing Order, 1945.

Following the decision of the Government of India to relax control over cotton cloth, the Government of Bombay removed various restrictions imposed by them on the distribution and sale of cotton cloth in the Province. The Bombay Cotton Cloth and Yarn Brokers' Licensing Order, 1947, was

suitably amended so as to exclude cotton cloth from its purview. The Bombay Cotton Cloth Trade Regulation Order, 1945, the Bombay Cloth Rationing Order, 1945, the Bombay Hand-printers Licensing Order, 1944, the Bombay Ready-made Clothing (Trade Control and Licensing) Order, 1947, and other orders in so far as they related to cotton piecegoods were cancelled, with the result that from 1st February 1948, the rationing of cloth in the City of Bombay and the Bombay Suburban District was abolished. The purchase, distribution and movement of cloth in the Province was made free and no licences were necessary for the sale and storage of cloth. The restrictions on the movement and distribution of yarn in the Province, however, continued till the latter part of April when the Central Government announced not only the discontinuance of control over distribution of yarn, but also free movement thereof throughout the Dominion.

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REIMPOSITION OF CONTROL ON CLOTH AND YARN IN BOMBAY • PROVINCE : RATIONING OF CLOTH IN BOMBAY.

Towards the end of July, the Central Government reimposed control on the production, distribution, prices and movement of cloth and yarn. The Government of Bombay also promulgated, towards the latter part of October, the Bombay Cotton Cloth Dealers' Licensing Order providing for the appointment of wholesale distributors, district wholesalers and retail distributors for the purpose of distribution of cloth in the Province. Clause 5 of the Order prohibited the sale or storage for sale of mill-made cloth except under and in accordance with the conditions of licence granted by Government.

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The rationing of mill-made cloth, such as *dhotis*, *saris*, mulls, dorias, voiles, coatings and shirtings, etc., was introduced in the City of Bombay and the Bombay Suburban District with effect from 1st December under the Bombay Cloth Rationing Order issued by Government towards the middle of October

INDUSTRIAL POLICY FOR THE PROVINCE OF BOMBAY.

(See also page 67 of Report for 1946.)

Reference was made on page 67 of the Association's report for 1946 to the Committee's replies to a questionnaire issued by the Provincial Industries Committee appointed by the Government of Bombay, to make recommendations regarding the future planning of industrial development in the Province of Bombay.

• The Provincial Industries Committee appointed several sub-committees to deal with various industries separately and to report thereon. Government considered the reports of this Committee and its Sub-Committees, and towards the end of June 1948 issued the following Statement of Industrial Policy for the Province of Bombay :

No. 8001 (a).--The Government of Bombay appointed in 1945 a representative Committee to make recommendations regarding the future planning of industrial development in the Province. The Reports of this Committee as also of the Sub-Committees appointed by it to deal with various industries separately have recently been received by Government

Now that the Government of India have enunciated the principles governing their industrial policy and have formulated a programme of development, the Government of Bombay considers it a suitable opportunity for announcing the lines along which it proposes to deal with the various aspects of industrial development after taking into account the recommendations of the Provincial Industries Committee. In the formulation and carrying out of its programme, Government will, it may be observed at the outset, keep the following general objectives in view —

- (1) Rapid and all-round development of industry so as to increase the production of wealth and to secure full employment and an adequate standard of living for all.
- (2) Dispersal of industry so as to secure a balanced regional distribution and to avoid overcrowding in large towns and cities.
- (3) Encouragement of small-scale and cottage industries in order to secure fuller utilisation of available man-power, to provide subsidiary occupations for the rural population, and to decentralise economic and political power.
- (4) Regulation and control of industry in the interest of efficient production and equitable distribution and for safeguarding the rights and interests of the workers and consumers.

Government realises that these objectives can be fully attained only if industrial policy is suitably aided by other State measures such as in respect of taxation and capital labour relations.

In order to achieve these ends, it will be necessary, Government recognises, to make a departure from the policy of *laissez faire*. Accordingly, Government is anxious to impart a sense of direction to the organisation of available resources of the Province in men and materials and to play an active part in the economic life of the community. With this aim in view, Government will take the initiative in providing facilities for the encouragement of industry, and in certain spheres, to undertake enterprises on its own.

At present, though industries other than Defence industries are a Provincial subject, some important instruments of State help like the imposition of tariffs, the regulation of railway rates and the exercise of control over imports and exports, which can all be utilised to stimulate industrial development are controlled by the Centre. The Government of India have now announced their intention to exercise Central control over a number of industries. The war-time restrictions on capital issues and on the import of machinery, which are still continued, further limit the field for Provincial action in relation to industries. Even so, there is still considerable scope for the pursuit of a vigorous policy by the Provincial Government itself.

General facilities.—The foundations of any sound industrial structure are ultimately laid on the availability of essential raw materials, power, finance and trained personnel and on the degree of technological advance achieved. To aid in securing these in ample measure, Government has under consideration programmes of geological and forest surveys, for the spread of technical education and for the extension of facilities for industrial research. Government is anxious to see that these programmes are carried out with the utmost expedition so as to remove what have in the past proved to be serious handicaps in the way of industrial development. Some progress has already been made in these directions, but much remains to be accomplished in the near future.

There are also certain special forms of assistance to private industry which Government proposes to take in hand in the immediate future. These are —

- 1 Extension of electric supply to rural areas.

2. Establishment of an Industrial Finance Corporation.

3. Development of Trading Estates

1. *Extension of Electric Supply to Rural Areas* —In order to co-ordinate and develop the production and supply of electric power and to make it available in rural areas, Government has already put into operation the Electric Grid Scheme which, when completed, will cover the entire Province and will give a much-needed impetus to large and small-scale industries. Government attaches special importance to this basic facility for industrial progress

2. *Establishment of an Industrial Finance Corporation* —The absence of a suitable machinery for providing adequate finance for medium and small-scale industries was emphasised by the Provincial and Indian Central Banking Inquiry Committees (1930-31) as well as by the Bombay Economic and Industrial Survey Committee (1940). Accepting the recommendations made by these Committees, Government has decided to set up an Industrial Finance Corporation. This will supplement the activities of a similar Corporation already being established by the Centre, the latter being expected to devote its attention mainly to large enterprises. The question of the constitution and functions of the Corporation and of the form in which Government should be associated with or assist it is still under examination

Pending the establishment of an Industrial Finance Corporation, Government will give careful consideration to proposals for financial aid from new industrial concerns. Whether the assistance should be given in the shape of subscription of a part of the share capital or a guarantee of a minimum dividend for a specified period or the purchase of a part or whole of the product depends on the nature and size of the undertaking. Each such proposal will be dealt with on its own merits and when it is approved Government may claim a share in the profits and participation in the control of such industry. Such an arrangement may be welcome to private parties who are otherwise unable to raise the necessary funds, particularly of the long-term variety, for new enterprises

3. *Development of Trading Estates* - In its report published in 1947, the Advisory Planning Board appointed by the Government of India advocated the selection of areas for concentrated development. Pursuant to this suggestion, Government proposes, after suitable investigation, to select a number of areas in the Province, to begin with in those parts which are comparatively backward and which have an adequate supply of labour and raw materials. It is proposed to develop them by clearing and laying out the land and providing certain essential facilities like water supply, drainage, transport and the supply of electricity. The areas will be divided into suitable sites which may be given to private parties, firms and co-operative societies desirous of setting up factories. The areas and the sites may vary in size according to local requirements, and in the allotment of sites, Government will give preference to co-operative enterprise and to such concerns which are comparatively small in size or which do not conflict with cottage industries or which are mainly concerned with the processing of local raw materials. Government expects that the extension of the system of reserved industrial areas will obviate the necessity of private firms having to apply to Government for concessions in land, water, etc., a process which often involves delays and, therefore, hampers the rapid development of new industries. The trading estates will make for the necessary dispersal of industries in a quick and direct manner and will enable Government to provide special facilities for the formation of industrial co-operatives and the promotion of cottage industries.

Co-ordination of Large-scale and Cottage Industries - Government has already taken special steps to foster the growth of cottage and small-scale industries in order to provide remunerative full-time and part-time employment in rural areas and to enable local raw materials to be worked up into manufactured goods by local labour for local consumption. The lesson of Western industrialisation in this regard is clear that there is tremendous human sufferings consequent on the sudden disappearance of familiar domestic industries and subsidiary occupations. Anxious as Government is to avert this calamity and desirous as it is, besides, of avoiding an excessive concentration of economic power in the hands of a few, it appreciates the need for positive State action to enable cottage and small-scale industries

to attain the prominent place to which they are entitled in the industrial structure of the Province. Government proposes to rely chiefly on the following measures of assistance to cottage industries :

- (1) Government will establish in a number of selected villages, village centres providing employment and training for all persons willing to take advantage of the same. Emphasis will be placed on the provision of facilities for training so that those seeking admission may learn to set up as artisans on their own and thereby contribute an increasing share to national production.
- (2) In areas where village centres are not established in the first instance, Government will intensify the activities of demonstration parties to teach certain useful crafts to the rural population.
- (3) To indicate its preference for the products of cottage industries Government will liberalise its present terms of concessions in the matter of stores purchase.
- (4) Government will extend its programme of electrification to rural areas and subsidise, where necessary, the purchase of suitable equipment required for the introduction of mechanisation.
- (5) For the economic organisation of workers in cottage industries Government will promote the formation of industrial co-operatives and for this purpose provide grants for specific periods.
- (6) Through the Provincial and District Industrial Co-operative Associations principally, Government will provide for primary co-operative societies, suitable arrangements for marketing and finance and for the improvement of tools and processes.
- (7) As part of this programme Government will investigate how far industries at present highly centralised can, with advantage, work on a decentralised basis.

The object of the various measures designed to assist cottage industries will be mainly to enable those engaged in them to organise themselves so as to face the competition of factory products with only such State assistance as may be regarded a reasonable price for the attainment of the social objective associated with cottage industries.

State Ownership.—In consonance with the policy of the Government of India, Government will extend the scope of State enterprise to new undertakings in fields declared by the Central Government to be the exclusive responsibility of the State. In the remaining field it will, in consultation with the Government of India, pursue the policy of progressive participation in industrial development including the undertaking of industrial enterprises by and on behalf of the State and the exercise of such control as may be deemed necessary from time to time. Government accepts the principle of management of State enterprises through Public Corporations broadly free from Government control in the daily exercise of their powers but ultimately accountable to Government and through it to the public. In its opinion, this provides a satisfactory solution of the problem of running State-owned enterprises.

Regulation and Control.—A programme of planned development postulates the exercise of regulation and control by the Planning Authority. Where, as in this Province, planning is undertaken under the aegis of Government the power to control development from various points of view vests in it. The usual manner in which this power is exercised, as the Advisory Planning Board recommended, is by the grant of licences for industrial enterprises. The licensing of factories will be governed by various considerations. The first of these is to prevent the location of factories in areas which are already congested or which are otherwise not considered suitable. Secondly, in order to give priority to the establishment of those industries which are concerned with the production of essential goods, Government may have to direct the flow of resources into channels which are socially urgent rather than commercially remunerative. A third consideration will be the effect of the establishment of factory industries on cottage industries deemed worthy of protection in relation to the broader aspects of national economy. Under present conditions, the establishment of an

industrial concern is a somewhat long-drawn-out proceeding, involving as it does, references to various Government departments. Under a system of licensing it will be only the licensing authorities with which the industrialists will have to deal.

Legislation will be introduced to empower Government to promote orderly industrial development through a system of licences. When framing this legislation, in order to minimise the dilatory and restrictive effects of licensing, care will be taken to set up a suitable well-equipped efficient machinery for the impartial and expeditious disposal of applications.

Pilot Plants.—In spite of Bombay being an industrially advanced province, there are several lines of industrial development in which no beginning has yet been made by local enterprise. To promote development in these fields, Government would welcome the establishment, by private agency, of pilot plants for industries offering a fair prospect of success and would be prepared to consider the grant of suitable assistance to such agency. Government has also under examination the starting under its own auspices of a few pilot plants, besides those already at work for the production of certain drugs, sera and vaccines at the Haffkine Institute.

Conclusion.—The policy outlined in this statement will, Government trusts, give an impetus to industrial development in the Province which, it has been made clear, will now be directly assisted by Government in several ways. By promoting productive effort in certain spheres which have been neglected so far, the State will, directly or indirectly, assist in widening the scope for the proper utilisation of the capital resources of the Province and in extending the scope for the remunerative employment of labour. The plan of industrial development as Government envisages it does not stand by itself. It is intended to be an integral part of Government's Five-Year Plan for the province. The programme of public expenditure in other directions which have been embarked upon by Government provide an ever-increasing demand within the Province itself for goods produced by industry. An equally important factor in stimulating industrial production is the policy pursued by Government to bring about a rise in the level of real wages. This should lead to an improvement in the standard of living which will be reflected in an increased demand for consumers' goods. An adequate and expanding production of such goods through an industrial structure of the approved type, Government wishes to emphasise, will provide a valuable contribution to national progress and social stability.

FACTORIES ACT, 1948.

(See also pages 92 and 225 of Report for 1947.)

Reference was made on page 92 of the Association's report for 1947 to the introduction of a Bill to consolidate and amend the law regulating labour in factories introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Mr. Jagjivan Ram, Minister for Labour, towards the beginning of December 1947. The Bill was subsequently referred to a Select Committee. The statement of objects and reasons attached to the Bill read :—

"The existing law relating to the regulation of labour employed in factories in India is embodied in the Factories Act, 1934. Experience of the working of the Act has revealed a number of defects and weaknesses which hamper effective administration. Although the Act has been amended in certain respects in a piecemeal fashion whenever some particular aspect of labour safety or welfare assumed urgent importance, the general framework has remained unchanged. The provisions for the safety, health and welfare of workers are generally found to be inadequate and unsatisfactory, and even such protection as is provided does not extend to the large mass of workers employed in work-places not covered by the Act. In view of the large and growing industrial activities in the country a radical overhauling of the Factories law is essentially called for and cannot be delayed.

The proposed legislation differs materially from the existing law in several respects. Some of the important features are herein mentioned. Under the definition of 'factory' in the Act of 1934, several undertakings are excluded from its scope but it is essential that important basic provisions relating to health, working hours, holidays, lighting and ventilation, should be extended to all work-places in view of the unsatisfactory state of affairs now prevailing in unregulated factories. Further, the present distinction between seasonal and perennial factories which has little justification has been done away with. The minimum age of employment for children has been raised from 12 to 13 and their working hours reduced from 5 to 4½ with powers to Provincial Governments to prescribe even a higher minimum age for employment in hazardous undertakings.

The present Act is very general in character and leaves too much to the rule-making powers of the Provincial Governments. While some of them do have rules of varying stringency, the position on the whole is not quite satisfactory. This defect is sought to be remedied by laying down clearly in the Bill itself the minimum requirements regarding health (cleanliness, ventilation and temperature, dangerous dusts and fumes, lighting and control of flare, etc.), safety (eye-protection, control of explosive and inflammable dusts, etc.), and general welfare of workers (washing facilities, first aid, canteens, shelter rooms, creches, etc.) amplified, where necessary, by rules and regulations to be prescribed by Provincial Governments.

Further, the present Act leaves important and complex points to the discretion of Inspectors placing heavy responsibility on them. In view of the specialised and hazardous nature of the processes employed in the factories, it is too much to expect Inspectors to possess an expert knowledge of all these matters. The detailed provisions contained in the Bill will go a long way in lightening their burden.

Some difficulties experienced in the administration of the Act, especially relating to hours of employment, holidays with pay, etc., have been met by making the provisions more definite and clearer. The penalty clauses have also been simplified. An important provision has also been made in the Bill empowering Provincial Governments to require that every factory should be registered and should take a licence for working to be renewed at periodical intervals. Provincial Governments are further being empowered to require that before a new factory is constructed or any extensions are made to an existing one, the plans, designs and specifications of the proposed construction should receive their prior approval.

It is expected that the Bill when enacted into law will considerably advance the condition of workers in factories.

The substantial changes made in the existing law are also indicated in the Notes on Clauses. Opportunity has also been taken to rearrange the existing law and to revise expressions where necessary."

*The Committee thought that an important measure like the one under consideration would, as usual, be circulated for public opinion, but this procedure was, for reasons undisclosed, not followed, and further, an attempt was made by Government to collect public opinion without giving the parties concerned sufficient time to study the Bill carefully. In a representation addressed to the Government of India, early in March, the Committee, therefore, urged that at least the report of the Select Committee should be circulated for eliciting opinion thereon so that the considered views on the Bill, of the interests concerned might be available to members of the Legislature when it would come up for consideration. This might, perhaps, necessitate a slight postponement of the enforcement of the new Act, but, in the opinion of the Committee, this would, in the long run, be more than offset by the advantages accruing from a well considered and perfect piece of legislation. The Committee also communicated to Government their views on the various provisions of the Bill.

The Select Committee made certain substantial alterations in the Bill and submitted their report to the Constituent Assembly early in August.

The Bill as amended by the Select Committee came up for discussion before the Assembly towards the end of August, and was passed. It received the assent of the Governor-General on 23rd September 1948. According to section 1(3) of the Act, the Act would come into force with effect from 1st April 1949. (*Appendix 26.*)

THE FACTORIES (CANTEENS) RULES, 1948.

(See also page 45 of Report for 1946.)

Reference was made on page 45 of the Association's report for 1946 to the Factories (Amendment) Act. Section 33A (1) of the Amendment Act provides for the compulsory establishment of canteens in factories, and section 33A (2) empowers the Provincial Governments to make rules with regard to certain matters relating to canteens.

The draft rules relating to canteens were published by Government towards the end of July. A representation suggesting certain amendments in the draft was submitted by the Association. The final rules have not yet been gazetted. (*Appendix 27.*)

EMPLOYEES' STATE INSURANCE ACT, 1948

(See also page 93 of Report for 1947.)

It was mentioned on page 93 of the Association's report for 1947 that the Workmen's State Insurance Bill had been referred to a Select Committee.

The Select Committee suggested several changes in the Bill, the most important of which was an extension of the scope of the Bill to cover all employees whose remuneration did not exceed in the aggregate Rs. 400 a month, and the re-naming of the Bill as "the Employees' State Insurance Bill." The Select Committee also extended the scope of the medical relief to the families of the insured persons. It was, however, proposed to leave to the Corporation to decide as to when such an extension might be made, after taking into consideration the financial implications of such a step. Employees whose average daily wages were below Re. 1, in place of the original As. 10, were exempted from contributing to the scheme. In other words, they were afforded free cover. The employers' contribution, on the other hand, in respect of this class of workers, was raised. The Bill, as amended by the Select Committee, was presented to the Constituent Assembly of India (Legislative) early in February 1948 and was passed with minor amendments. It received the assent of the Governor-General on the 19th April 1948.

ESTABLISHMENT OF EMPLOYEES' STATE INSURANCE CORPORATION.

Section 3 of the Act provides for the establishment of the Employees' State Insurance Corporation for the administration of the scheme of insurance envisaged in the Act, and according to section 4, the Corporation would consist, among others, of five persons representing employers to be nominated by the Central Government in consultation with such organisations of employers as might be recognised for the purpose by Government. Early in June Government requested the Employers' Federation of India to suggest, in consultation with the All India Organisation of Industrial Employers, five persons for appointment as members of the Corporation proposed to be set up. The Federation requested the Association to suggest the name of a representative, and the name of Mr. Dharamsey Mulraj Khatau was accordingly put forward.

The Corporation was set up on the 1st October 1948 with the Hon'ble Minister for Labour as Chairman, and the Hon'ble Minister for Health as Vice-Chairman. The employers' representatives on the Corporation consisted of Shri K. P. Goenka, Calcutta; Shri Dharamsey Mulraj Khatau, Bombay; Shri Madanmohan Mangaldas, Ahmedabad; Shri C. S. Ratnasabapathi Mudaliar, Coimbatore; and Sir Shri Ram, New Delhi. The Corporation was inaugurated by His Excellency Shri C. Rajagopalachari, the Governor-General of India, on the 6th October 1948.

STANDING COMMITTEE OF THE EMPLOYEES' STATE INSURANCE CORPORATION.

A Standing Committee of the Corporation was constituted early in October under the chairmanship of the Joint Secretary to the Government of India in the Ministry of Labour. Shri Madanmohan Mangaldas, Ahmedabad, and Sir Shri Ram, New Delhi, were elected to the Standing Committee by the employers' representatives in the Corporation.

CONSTITUTION OF MEDICAL BENEFIT COUNCIL.

Section 10 of the Employees' State Insurance Act provides for the constitution of a Medical Benefit Council consisting of, among others, three members representing employers. The Council was accordingly constituted towards the end of December with the Director-General, Health Services, Government of India, as the Chairman, and members representing Provincial Governments, employers, labour, etc. Employers' representatives on the Council included Mr. Dharamsey Mulraj Khatau, Bombay; Mr. S. C. Roy, Calcutta; and Sir Shri Ram, New Delhi.

DRAFT EMPLOYEES' STATE INSURANCE (CENTRAL) RULES, 1948.

Early in November the Government of India published in the *Gazette* certain draft rules under section 95 of the Act. The draft rules covered only certain departmental and administrative matters, with which the Association had no concern.

PROVIDENT FUND FOR INDUSTRIAL WORKERS.

BILL TO PROVIDE FOR.

(*See also page 88 of Report for 1942.*)

Reference was made on page 88 of the Association's report for 1942 to the Committee's views on certain proposals framed at the Third Conference of Labour Ministers held in Delhi in January 1942 in connection with the institution of a provident fund scheme for industrial workers.

Early in February 1948, a Bill to provide for the establishment and grant of provident fund to certain classes of workers by their employers, was introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Mr. R. K. Sidhwa. The statement of objects and reasons attached to the Bill read : —

"1 The Provident Funds Act, 1925 (Act XIX of 1925) is not applicable to workers employed in factories or labourers in industrial establishments such as house-building, quarrying, docks and other such establishments. Under section 58B (1) of the Income-tax Act, 1922, the Commissioner of Income-tax may accord recognition to any provident fund which, in his opinion, satisfies the condition prescribed in section 58C and the rules made thereunder. It will be evident that under section 58B (1), the first move to obtain recognition of provident fund for employees in factories and in other industrial establishments should be made by the employer. It is very rare that an employer would volunteer to establish a contributory provident fund for his employees. The main object of this Bill is to make it compulsory for every employer of workers and labourers in the industrial concerns to establish provident fund for the betterment of such employees and their families. From the meagre pay they get, the employees are not in a position to lay by anything for themselves or their family for a rainy day. Establishment of provident fund will teach them frugality and the advantages of such a system will not meet with any objection or disapproval on their part as they would realise that the Bill aims at the good of their family and for themselves also.

2 The contribution by the employer will be an impetus for them to join the fund. The interests of the employers and the employees are generally found to be at variance. In order to establish mutual trust and confidence and to cement the differences between the employers and the employees, a measure like the one in this Bill would go a great way to promote mutual healthy relations between the capitalists and labourers. This Bill seeks to promote growth of spirit of confidence, and with co-ordination of employees, the employers would be able to yield better results. By creating such fund the employers will attract to themselves a class of labourers which will be contented and in view of the provisions of the Bill, they would prefer to remain attached to a particular employer and there will be few occasions of strike in work."

Chapter IXA of the Indian Income-tax Act and the rules made thereunder recognise certain basic principles in regard to matters such as rates of subscription to provident funds, the manner of investment and disposal of funds, etc., and these requirements, have to be complied with and provided for before a provident fund can be recognised by the Income-tax authorities. These principles had also been more or less followed in the "Model Rules" relating to provident fund for industrial employees approved by Government. The Committee felt that the Bill under consideration cut new ground altogether and sought to confer on workers privileges not conferred on salary earners generally in the country, which was altogether unwarranted. The Committee's views on the Bill were drawn up in a representation addressed to Government towards the latter part of March 1948.

Mr. Sidhwa's Bill was not however proceeded with. It is, however, understood that Government intend to place before the Legislature their own Bill to provide for the establishment of provident funds in industrial establishments other than coal mines. (*Appendix 28.*)

MINIMUM WAGES ACT, 1948.

(See also page 52 of Report for 1947.)

Reference was made on page 52 of the Association's report for 1946 to the Minimum Wages Bill, 1946. The Bill was subsequently referred to a Select Committee which made certain alterations therein. The Bill, as modified by the Select Committee, was introduced in the Constituent Assembly of India (Legislative) towards the end of January and was passed. It received the assent of the Governor-General on the 15th March, 1948.

GOVERNMENT OF INDIA (AMENDMENT) ACT, 1949.

A Bill to amend the Government of India Act, 1935, was introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Deputy Prime Minister of India, towards the latter part of November 1948, with a view to taking power by the Central Government for setting up appellate tribunals to review the awards made by Central and Provincial Industrial Tribunals, to exercise Central control over certain industries and for certain other objects. The relevant extracts from the statement of objects and reasons attached to the Bill are reproduced :

" In order that uniform principles in the review of awards made by Central and Provincial Industrial Tribunals may be adopted under the overall control of the Central Government, it is proposed to set up appellate tribunals to hear appeals against their decisions. For want of such tribunals it is not possible to ensure uniformity in the decisions of the Central and Provincial Industrial Tribunals. Although this would be possible under the draft Constitution, the setting up of appellate tribunals is not possible under the existing Constitution. Proviso (i) of sub-section (1) of section 8 of the Government of India Act, 1935 specifically states that the executive authority of the Dominion does not extend in any Province to matters with respect to which the Provincial Legislature has power to make laws. Clause 2 of the Bill seeks to effect the necessary amendment, so that the appellate tribunals may be established in accordance with the policy of the Government of India with regard to inflation outlined in paragraph 8 of their Press communique dated 4th October, 1948. A consequential amendment is made in clause 5.

" Clause 7 of the Bill is intended to secure for the Central Legislature adequate powers to implement effectively the Government's industrial policy which has been accepted unanimously by the Constituent Assembly sitting as the Legislature. It envisages regulation and control by the Central Government of certain industries in varying degrees. At present, by virtue of the Essential Supplies (Temporary Powers) Act of 1946, enacted by the Central Legislature under the India (Central Government and Legislature) Act, 1946, the Centre has power to regulate trade and commerce in and the production, supply and distribution of a limited number of commodities, viz., cotton and woollen textiles, propelled vehicles, coal, iron and steel and mica. The industrial policy of Government, however, requires that the Central Legislature should have full powers regarding the development, regulation and control of certain industries and should also have power with respect to the regulation of trade and commerce in and the production, supply and distribution of the products of such industries. It is, therefore, necessary to amend item 34, List I, of the Seventh Schedule in the manner indicated in clause 7 of the Bill. The other provisions made in that clause are in the nature of consequential amendments."

The Bill was passed by the Assembly early in January 1949, and was authenticated by the President of the Assembly. (Appendix 29.)

BOMBAY INDUSTRIAL RELATIONS ACT, 1946.

(See also page 95 of Report for 1947.)

AMENDMENT OF SCHEDULES.

Reference was made on page 95 of the Association's report for 1947 to the application of the Bombay Industrial Relations Act, 1946.

Section 113 of the Act empowers the Provincial Government to make, by previous publication in the *Gazette*, any additions to, alterations in or deletions from, the industrial matters specified in Schedules I, II and III annexed thereto. Towards the latter part of August 1948, Government published the draft of a notification proposing the following additions to and alterations in the said schedules :

1. In Schedule I

(a) After item 1, insertion of the following item :

1A " Employees' tickets, cards, registers and service certificates."

(b) In item 3, substitution of the words " shift working including notice " for the word " notice."

(c) In item 10, for the words " employment : notice," substitution of the words " employment including notice."

2. In Schedule II, for item No. 5, the following item was proposed to be substituted :

" 5 All matters pertaining to shift working which are not covered by the standing orders applicable under this Act."

As regards the addition of the new item to Schedule I, it was pointed out that its absence was not felt either by the Industrial Court in settling the existing standing orders, or by the Association in framing the draft standing orders submitted to the Commissioner of Labour under section 35 (1) of the Act. The existing standing orders did make a reference to employees' tickets and cards, but reference to " registers " in the proposed item was not understood. The Committee submitted that the maintenance of registers was outside the scope of the standing orders for operatives.

With regard to the substitution of item 5 in Schedule II, the Committee strongly urged that it should be left as it was, for, at present, a mill management had two courses open to it in respect of discontinuance of a shift, namely, to follow the standing orders or to give a notice of change under the provisions of the Act. The latter course would not be open to the mill management as all the aspects of shift working would be covered by the standing orders. But under the new item 5, the mill management would have to proceed under the Act only in respect of aspects of shift working not covered by the standing orders. The existing practice of leaving it to the option of the mill management to give notice of change for discontinuance of a shift or to follow the standing orders, had not adversely affected the

workers concerned. For instance, it would not be possible for the workers to get wages in lieu of a month's notice, if the proposed change was made. The Committee, therefore, considered that it was in the fitness of things to maintain item 5 as it existed at present.

The additions and alterations were, however, notified in exactly the same form as they were originally published. (*Appendix 30.*)

CONCILIATION PROCEEDINGS UNDER THE BOMBAY INDUSTRIAL RELATIONS ACT.

Early in March the Government of Bombay prescribed the following time limit for each stage of the conciliation proceedings under section 62 (1) of the Bombay Industrial Relations Act :

<i>Stage of conciliation proceedings</i>	<i>Time limit</i>
1) Holding of the conciliation proceedings under section 56	Within 10 days from the date on which the dispute is entered in the register under section 55
(2) Submission of a report under sub-section (1) or (2) of section 58, as the case may be	Within 2 days from the last day on which the conciliation proceedings are held
(3) Publication of the report under sub-section (4) of section 58	Within 7 days of the submission of the report under the proviso to sub-section (2) or under sub-section (3) of section 58.

MODEL STANDING ORDERS FOR OPERATIVES AND CLERKS.

(See also page 98 of Report for 1947.)

Reference was made on page 98 of the Association's report for 1947 to the draft Standing Orders for operatives and clerks submitted by the Association to the Commissioner of Labour under section 35 (1) of the Bombay Industrial Relations Act, 1946. In pursuance of section 35 (5) of the Act, Government notified, towards the latter part of September 1948, model standing orders for operatives, and for clerks, in respect of (1) cotton textile industry, (2) silk textile industry, (3) woollen textile industry and (4) hosiery textile industry.

AMENDMENT OF THE BOMBAY INDUSTRIAL RELATIONS RULES, 1947.

(See also page 95 of Report for 1947.)

Reference was made on page 95 of the Association's report for 1947 to the Bombay Industrial Relations Rules.

Towards the latter part of July, 1948 the Government of Bombay published in the *Gazette*, the draft of certain amendments to the Bombay Industrial Relations Rules. Under the existing rule 72, Government were required to consult employers and registered unions in the industry before deciding to maintain a record of industrial matters, and the officer responsible for the maintenance thereof was required to call upon the employers in the industry concerned to supply the information necessary for the purpose.

Under the proposed amendments, it was laid down that a record of industrial matters referred to in clause (a) of section 111 of the Bombay Industrial Relations Act should be maintained by the Director of Labour Information. For the purpose of maintaining such records, the Provincial Government was empowered to call upon any employer or employers generally in any industry to maintain records of data relating to plant, premises and manufacture, and particulars relating to other industrial transactions and dealings in the forms appended to the proposed rules. The Director of Labour Information was also given powers to obtain such data and particulars from any individual or body which, in his opinion, was competent to furnish the same.

The Committee felt that the information called for in the proposed forms was far too elaborate in character. Further, when Government had already directed the submission of certain information to the Director of Labour Information, it seemed quite unnecessary to bestow such wide powers on that officer in the matter of collection of data. In communicating these views in a representation addressed to Government towards the latter part of August, the Committee set out their detailed observations on the forms appended to the rules and requested Government to amend them. The Committee also offered to frame amended forms, if Government desired, which would be both simpler for the mills to fill in and be more useful. (*Appendix 31.*)

THE BOMBAY INDUSTRIAL RELATIONS (AMENDMENT) BILL, 1948.

Towards the beginning of April, a Bill to amend the Bombay Industrial Relations Act was introduced in the Legislative Assembly by the Hon'ble Minister for Labour and Housing. The statement of objects and reasons attached to the Bill read :—

"The Bill is framed for the several purposes mentioned below and is in the form of amendments to the Bombay Industrial Relations Act, 1946.

(1) The industrial disputes referred to the Industrial Court involve not only particular questions of individual interest but also general questions affecting the industry, such as standardisation of wages, rationalisation, efficiency of work, etc. It has been found expedient to separate general questions of such nature and have them decided initially by Wage Boards established for the purpose. The Textile Labour Enquiry Committee advocated the formation of Wage Boards to handle such general but technical questions. The Industrial Court too has pressed for such separate forum. Accordingly, Wage Boards are proposed for each industry in the Province, consisting of an equal number of members nominated to represent the employers and the employees in the industry and also some independent members nominated by Government. The Industrial Court would have general superintendence over the Wage Board. When dealing with industrial matters of local interest, the Wage Boards would be empowered to act through small Committees with attached members from the local area. The decision of the Wage Board would be subject to an appeal to the Industrial Court. In order that the Wage Board's decision may reflect changes of circumstances, provision is made for review by the Wage Board of its decision at intervals of not less than a year on application by the affected parties provided they represent or employ not less than 15 per cent. of the affected employees. Review is also made possible at any time on the application of Government. On the same lines a Provincial Wage Board is proposed for all industries together for handling questions common to all industries.

(2) The provision for Joint Committees which is permissive at present has not produced satisfactory results on account of the attitude of employers. Power is, therefore, taken by the Provincial Government, on an application made to it by the registered union,

to direct the constitution of a Joint Committee. The order of the Government would prescribe a time limit for employers to nominate members to the Joint Committee and failure to comply would be penalised. The operation of Joint Committees is overdue as stipulated in the tripartite agreement. The Industrial Disputes Act, 1947, already provides for Works Committees to be formed in like manner.

(3) The Industrial Court urgently requires powers for dealing with contempt of Court. It is proposed to give the Court the necessary powers in relation to itself and courts subordinate to it.

(4) Under the present Act, in certain matters such as those mentioned in sub-section (4) of section 42, an employee has a direct approach to the Labour Court but not a representative union. The union can come in only through an authorization by the employee, under section 33. Provision is made to enable a representative union to apply to the Labour Court direct in such cases without impairing the right of the employee to do likewise.

(5) A registered union which is a representative of employees and the rules of which provide that 'no strike shall be sanctioned or resorted to by it, unless all the methods provided by or under the Act for the settlement of an industrial dispute have been exhausted and the majority of its members voted by ballot in favour of such strikes' is enabled to refer any industrial dispute for arbitration to the Industrial Court. This would, it is hoped, facilitate speedy settlement of important disputes by shortening the procedure and avoiding the intermediate stage of conciliation altogether.

(6) Provision is made to avoid the overlapping jurisdiction of a Labour Court and the Industrial Court in cases of submission under section 66 (2).

(7) Power is taken for the Industrial Court to review its decision provided there are sufficient reasons. This is necessary in order to make workable certain decisions which need clarification or harmony.

(8) Power under section 25 to collect union fees, etc., is conferred also on members of approved unions who are not their officers but who are suitably authorised.

(9) The offence under section 104 is made cognizable.

(10) The prerequisite of the request of a Representative Union before a Labour Officer offers services to investigate the grievances of employees, etc., is narrowed to the request of an Approved Union with a view to utilising the Labour Officer's services more fully.

(11) Where the Provincial Government is affected as an employer by a decision of a Wage Board or by an award of an arbitrator or Court, it is necessary in the interest of the Government finances to exercise caution. For this purpose power is taken in new sections 76A and 86F to give effect to the decision or award in whole or in part by an order of the Provincial Government, and in case of difference of opinion the ultimate determination is made to rest on a resolution to be voted upon by the Provincial Legislative Assembly. The provision is analogous to that in section 15 of the Industrial Disputes Act, 1947.

The Bill provides for several consequential amendments in certain other sections of the Bombay Industrial Relations Act."

The Bill was passed by the Legislature and received the assent of the Governor-General on 18th May 1948.

CONSTITUTION OF JOINT COMMITTEES IN INDUSTRIAL UNDERTAKINGS.

(See also page 95 of Report for 1947.)

Reference was made on page 95 of the Association's report for 1947 to the Committee's representation to the Government of Bombay on the question of Joint Committees in mills under the Bombay Industrial Relations Act, 1946.

The Industrial Truce Resolution adopted at the Industries Conference convened by the Government of India towards the latter part of December 1947 recommended, among other measures, the constitution of Works Committees in each industrial undertaking. Towards the beginning of March 1948, the Government of Bombay drew attention to this resolution, and enquired as to whether and if so what steps had been taken by the Association to set up Works Committees in its member mills. This was followed by a meeting of the Committee with the Hon'ble Mr. Gulzarilal Nanda, Minister for Labour, when the Hon'ble Minister explained precisely what was required by Government. Briefly stated, the Hon'ble Minister drew the Committee's attention to the provisions of Chapter IX of the Bombay Industrial Relations Act. Section 48 laid down that a Joint Committee might be constituted for an undertaking or occupation with the consent of the employer and the registered union for the industry for the local area; provided that no Joint Committee should be so constituted in respect of an undertaking or occupation where there was no representative union, unless not less than 15 per cent. of the employees were members of a registered union. The Hon'ble Minister gave the Committee to understand that the Rashtriya Mill Mazdoor Sangh, Bombay, would shortly be registered as a qualified union within the provisions of section 13 (2) of the Act, and that what was required was that, bearing in mind the desire for securing the co-operation of labour in stepping up production, the Association might encourage those mills where the qualified union, namely, the Rashtriya Mill Mazdoor Sangh, had at least 15 per cent. membership, to set up Joint Committees as laid down in the Act and the Rules. The Hon'ble Minister promised to supply the Association a list of such cotton mills where the Rashtriya Mill Mazdoor Sangh claimed at least 15 per cent. membership, and it was understood that, on receipt of the requisite information, the Association would persuade the mills concerned to set up Joint Committees as soon as the Rashtriya Mill Mazdoor Sangh had been registered under the Act.

Towards the middle of May, the Bombay Industrial Relations Act was amended giving power to the Provincial Government to direct the constitution of a Joint Committee, irrespective of the consent of the employer, on an application made to Government by a registered union. At the end of the year under review, joint Committees were set up in member mills wherever the requirements of the Act had been fulfilled. (*Appendix 32.*) •

CONSTITUTION OF WORKS COMMITTEES IN TEXTILE PROCESSING INDUSTRY. •

Towards the latter part of August 1948, the Government of Bombay issued an order requiring about 156 employers in Bombay to constitute Works Committees in their respective industrial establishments in the manner prescribed in the amended Industrial Disputes (Bombay) Rules, 1947. The following eight establishments which were members of the Association were affected by the said Order :—

1. The Bombay Dyeing and Manufacturing Co., Ltd., Dye Works.
2. The India United Mills Ltd., Dye Works.
3. The Indian Dyeing, Bleaching and Printing Works Ltd.

4. The Madhowji Dharamsi Manufacturing Co., Ltd., Dyeing and Bleaching Works.
5. The Morarjee Goculdas Mills' Bleach and Dye Works
6. The Empire Dyeing and Manufacturing Co., Ltd.
7. The Swadeshi Dyeing, Bleaching and Printing Works.
8. The Tata Mills' Bleach and Dye Works.

In view of the fact that these establishments were attached to cotton textile mills and in most cases were situated in the same compound, Government were requested that the Bombay Industrial Relations Act should be made applicable to them, for the reason that such application would avoid the invidious distinction between Joint Committees functioning in one part of the establishment and Works Committees in another. Towards the middle of December, Government issued a notification making the Bombay Industrial Relations Act applicable to the textile processing industry in the Province of Bombay with effect from 1st January 1949. (*Appendix 33.*)

THE BOMBAY INDUSTRIAL RELATIONS (SECOND AMENDMENT) BILL, 1948.

Towards the end of September, a Bill further to amend the Bombay Industrial Relations Act was introduced in the Bombay Legislative Assembly. The statement of objects and reasons attached to the Bill read :

The proposed Amending Bill is intended to introduce certain improvements in the Act which have been found expedient and necessary. The main provisions covered by the amendments are as follows :

- (1) At present it is a condition for retention of registration of a union under the Bombay Industrial Relations Act, 1946, that it shall not take part in illegal strikes, etc. The same condition is now proposed to be attached to acquisition of registration under the Bombay Industrial Relations Act.
- (2) The period of twelve months for repeating the process of electing representatives of employees makes elections too frequent and burdens administration. The period is enlarged to two years.
- (3) When an employer or, as the case may be, employee gives a notice of change, provision is made for the notice to be adopted by other employers or, as the case may be, other employees in the same industry, so that disputes may be consolidated and decided together.
- (4) Where both parties consent, disputes are permitted to be split in parts for the purposes of conciliation, etc.
- (5) In order to relieve congestion in the Industrial Court, power is taken to transfer cases, on the recommendation of the Industrial Court, from the Industrial Court to such Wage Boards as have the necessary powers of disposal.
- (6) Where stoppages or closures of work are caused in relation to an industrial dispute but under the guise of a protest against a course of action taken or not taken by the Provincial Government or a public servant, such stoppages and closures are made illegal. Stoppages are also made illegal if agitated in sympathy with strikes which are themselves illegal.

- (7) Provision is made for the modification of an award, provided the award has run a life of one year. This would enable parties to apply for modification of the whole or any part of an award instead of terminating it by a notice and thereby to secure the benefit of the current award till its modification."

The Committee's views on the Bill were communicated to the Association's representative in the Assembly. The Bill was passed, and received the assent of the Governor-General early in January 1949.

AMENDMENT OF INDUSTRIAL DISPUTES (BOMBAY) RULES.

ESTABLISHMENT OF WORKS COMMITTEES.

- (See also page 99 of Report for 1947.)

Reference was made on page 99 of the Association's report for 1947 to the Industrial Disputes (Bombay) Rules, 1947.

Early in March 1948, the Government of Bombay published the draft of a notification to amend the Industrial Disputes (Bombay) Rules, 1947, so as to incorporate therein the provisions of Part V of the Central rules regarding procedure to be followed for the formation of Works Committees, and invited comments thereon from parties affected by the proposed amendment.

In a representation addressed to Government, towards the middle of April, the Committee pointed out that the Bombay Industrial Relations Act provided for the formation of Joint Committees in industrial undertakings if certain conditions were fulfilled. The Committee presumed that in establishments where Joint Committees under the Bombay Industrial Relations Act were set up, Works Committees and the like institutions having similar objects would not be set up. There was nothing in the Industrial Disputes Act which warranted this presumption, but the Committee pointed out that a multiplicity of committees was calculated not only to delay matters but also to defeat the very objects underlying these committees which might be taking conflicting decisions. In a factory employing a large number of workers, there would be a very wide field for selecting workers' representatives in the sense that even if the factory had a joint committee, a Works Committee, a Production Committee, etc., there would be no difficulty in finding somebody to represent labour on all these committees, but the employer would be at a disadvantage for he would be required to select his representatives from the limited number of officers at his disposal, and more than one committee functioning would mean that these officers, being technicians, would have very little time to attend to their technical duties. The Committee also set out in the representation their observations on the various draft rules.

The rules as finally accepted by Government and published in the *Bombay Government Gazette* dated 24th May 1948, were substantially the same as originally framed by Government. (*Appendix 34.*)

THE DRAFT BOMBAY TRADE UNIONS (RECOGNITION) REGULATIONS, 1948.

(See also pages 93 and 225 of Report for 1947.)

Reference was made on page 93 of the Association's report for 1947 to the Indian Trade Unions (Amendment) Act, 1946.

The Amendment Act introduced two fresh chapters in the main Act, viz., Chapter III-A which provides for compulsory recognition of representative trade unions and Chapter III-B which enumerates certain unfair practices on the part of unions and the employers, and provides penalties therefor. To carry out the purposes of Chapter III-A of the Act, the Government of Bombay published in the *Gazette*, towards the beginning of April, the draft of certain regulations and invited views thereon.

The draft regulations appeared to be in order excepting Regulation 16, according to which the Labour Court might accept, admit or call for any evidence at any stage and in any manner it thought fit. The Committee, therefore represented to Government that the Court should not be vested with arbitrary powers in the matter of accepting, admitting or calling for evidence, but should be required to follow, as far as possible, the procedure laid down in the Indian Evidence Act. (*Appendix 35.*)

THE BOMBAY HOUSING BOARD BILL, 1948.

(See also pages 57 and 171 of Report for 1947.)

Reference was made on page 57 of the Association's report for 1947 to the resolution of the Government of Bombay generally accepting the housing programme as originally prepared by the Provincial Housing Board.

Early in October 1948, a Bill to provide for measures to be taken, to deal with and satisfy the need for housing accommodation, was introduced in the Bombay Legislative Assembly by the Honourable Minister for Labour. The statement of objects and reasons attached to the Bill read :—

"For the purpose of dealing with and satisfying the need of housing accommodation which has been acutely felt during and since the last war, particularly in urban and industrial areas, Government set up a Provincial Housing Board, with the duty to formulate a long-range housing policy and undertake an immediate programme of direct construction and assisted construction by Government Resolution in the Political and Services Department, No 459/46, dated 18th January 1947. Government also set up the necessary housing organisation under a Housing Commissioner. A Post-war Reconstruction Scheme of housing for direct Government construction of houses for the industrial and low income groups and assistance to co-operative housing societies, etc., was formulated and works worth 3-4 crores of rupees have been partly undertaken and partly projected. The housing programme is being accelerated and will have to be vigorously pursued for several years in order to overcome the present acute shortage of housing. The programme would involve considerable acquisition and development of land according to the principles of town planning and provision of houses with amenities and services and in this way the Housing Board has to carry out activities falling within the field of local authorities. The present local authorities have been tardy in carrying out town planning and housing activity themselves for reasons of finance, lengthy procedure of the laws, etc. Very little addition to building accommodation has resulted from their efforts. It has now become necessary for Government to step in and promote housing

activity as fast as possible. For this purpose, departmental management must make way for a statutory Board possessing the necessary independence and flexibility but subject to Government control in matters of general policy.

2 The present Bill is intended to set up such a Board which would pursue vigorously all necessary measures, schemes and works in order to increase accommodation conforming to minimum approved standards for the needy sections of the population. The statutory Board should consist of a Chairman and four members nominated by the Provincial Government and holding office for three years. The Board will take over the programme of housing from Government from the stage reached so far. The relevant assets will be given over to the Board and it may also receive subventions, etc. from various sources. The Board shall have power to issue debentures which may be guaranteed by Government and borrow with the previous sanction of Government, and subject to prescribed conditions. Necessary provision for investing funds, accounts, audit are incorporated and a triennial valuation of the Board's assets and liabilities is made compulsory. The Board shall appoint its Secretary, Housing Commissioner, and other high-paid officers on Government approval and may engage other necessary staff. To start with, the present staff in the housing organisation will be transferred to the Board.

3. The Board's annual housing programme and budget as also any supplementary programme and budget and variations thereof shall be subject to pre-publication, consideration of objections and suggestions and Government sanction. Every scheme outlined in the programme shall be worked out in detail by the Board and pre-published for objections and suggestions and after consideration thereof, the scheme shall be revised wherever necessary and finally published and executed. For this purpose, the Board would take over the necessary streets, open spaces, etc., and act as a local authority till the scheme is executed. Power is taken for the Provincial Government to resolve any differences that may arise between the Board and other local authorities in this matter and also for the reversion of streets and open spaces, when completed, back to local authorities. In order to co-ordinate the activities of the Board *vis-a-vis* other local authorities provision is made to avoid overlapping of town planning or improvement schemes and the Board's schemes. Acquisition of land for the purpose of the Board's programme will be for a public purpose within the meaning of the Land Acquisition Act and the Board shall be a local authority for that Act. The Board shall have power to promote land and building development and levy betterment charges. Special tribunals consisting of a Judge and two assessors are proposed to be set up at the cost of the Board for settling disputes in respect of betterment charges, constitution of plots, compensation, etc. The Board may make schemes for accelerating production of building materials and cheapening construction and arranging necessary research. Reports of the Board's activities and achievements are required to be submitted.

4 The statutory Board would be functioning in this Province for promoting the solution of the housing problem in conjunction with the Central Housing Board or similar agency of the Government of India for the purpose of carrying out the requirements on the subject of housing set forth in the industrial truce resolution passed by the Industries Conference at New Delhi in December 1947.

The Bill was passed by the Assembly towards the latter part of October, and received the assent of the Governor General on the 22nd December.

THE BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.

EXEMPTION OF MILL CLERKS.

(See also page 58 of Report for 1946.)

Reference was made on page 58 of the Association's report for 1946 to the Committee's representation to Government of Bombay, regarding continuance of the exemption granted by the Government from the provisions of the Bombay Shops and Establishments Act, 1939, in respect of clerical and other staff employed in cotton mills.

As a result of further correspondence which took place between Government and the Association, Government notified on the 11th August 1948 the exemption of certain specified categories of clerks employed in mills from the Bombay Shops and Establishments Act, for a year commencing from the 15th August 1948. Subsequently, the Association represented to Government the difficulties experienced by mills in applying the provisions of the Act to the remaining categories of clerks employed in the mills. Government, therefore, granted towards the latter part of October exemption from the operation of the Act upto 15th August 1949, in respect of all categories of the clerical staff employed in the member mills of the Association, on the understanding that all the benefits' under the Factories Act relating to weekly hours, holidays, compensatory holidays, overtime, etc., should be extended to them. (*Appendix 36.*)

THE BOMBAY SHOPS AND ESTABLISHMENTS BILL, 1948.

(See also page 100 of Report for 1947.)

Reference was made on page 100 of the Association's report for 1947 to the reconstitution of the Committee appointed by the Government of Bombay to enquire into the working of the Bombay Shops and Establishments Act, 1939. The reconstituted Committee submitted its report to Government towards the end of December 1947. The report recommended, among other things, that the Bombay Shops and Establishments Act, 1939, should be amended in such a manner that every person employed within a factory should be governed by the provisions of the Factories Act, and that the Shops Act should not be made applicable to any class or classes of persons employed in a factory. The report also embodied a draft Shops and Establishments Bill incorporating the Committee's recommendations.

Towards the latter part of September 1948, a Bill to consolidate and amend the law relating to the regulation of conditions of work and employment in shops, commercial establishments, residential hotels, eating houses, theatres, other places of public amusement or entertainment and other establishments, was introduced in the Bombay Legislative Assembly. The statement of objects and reasons attached to the Bill read :

" In the statement of labour policy issued by the Government of Bombay on 22nd May 1946 it was announced that the working of the Bombay Shops and Establishments Act, 1939, would be reviewed and an early endeavour made to remove the deficiencies that might be disclosed. In pursuance of that policy, a Committee was appointed in 1946 to enquire into the working of the Act and make recommendations for improving the administrative and substantive provisions of the Act having regard to the needs and interests of all sections of the population affected by the law. The Committee made its report which was published this year. The present Bill seeks to carry out the changes and improvements suggested by the Committee in the original Act. The Bill is in the form of a repealing and re-enacting measure. The material and substantive changes introduced by the Bill are as follows :—

- (1) The scope of the Act is extended by including in its operation the residential hotels and clubs and by widening the definition of 'commercial establishment.'
- (2) The Act is made compulsorily applicable to all local areas with a population of twenty-five thousand and more.

- (3) The total exemptions from the provisions of the Act are severely curtailed and partial exemptions provided.
- (4) Registration of establishments is provided.
- (5) The opening and closing hours of establishments are fixed
- (6) Weekly (in addition to the existing provision for daily) hours for shops, daily and weekly (instead of the existing provision for monthly) hours for commercial establishment are fixed.
- (7) A substantial reduction in the normal working hours in all establishments except the commercial establishments is effected. Even if overtime periods are slightly increased in the case of shops and commercial establishments and are introduced anew for only ten days in a year in the case of residential hotels, restaurants and eating houses, there has been a considerable overall reduction in the total number of working hours in all establishments except the commercial establishments.
- (8) Normal spread-over periods are reduced with only a few exceptions which are limited to brief periods and very few occasions.
- (9) Compulsory weekly closure of shops and commercial establishments is provided
- (10) Provision for identity cards for employees in residential hotels, restaurants and eating houses is made
- (11) Women are prohibited from work before 6-0 a m and after 7-0 p m.
- (12) Fourteen days' leave with pay with freedom to accumulate up to twenty-eight days is provided
- (13) Provisions relating to cleanliness, ventilation, lighting and precautions against fire are made.
- (14) Minimum penalties for offences and higher penalties for repetition of certain offences are prescribed
- (15) Provisions relating to maintenance of registers and other records and submitting them for inspection are improved.
- (16) Rate of overtime payment is raised from one and a quarter times to one and a half times the ordinary rate of wages in shops, commercial establishments, theatres or other places of public amusement or entertainment and at twice the ordinary rate in residential hotels, restaurants and eating houses.
- (17) Double employment on holidays or when an employee is on leave is prohibited
- (18) Dismissal without notice, barring dismissal for bad conduct, is prohibited.
- (19) The Factories Act is amended so that the employees in clerical establishments of factories may be governed by it.
- (20) Submission of annual reports on the working of the Act is prescribed.
- (21) Power is taken to extend the Payment of Wages Act to establishments covered by the Shops Act in suitable localities when the machinery of the Shops Inspectorate is ripe enough to administer that Act."

The Bill was passed by the Legislature and received the assent of the Governor-General early in January 1949.

(COTTON TEXTILES FUND).

ESTABLISHMENT OF TEXTILE RESEARCH INSTITUTES.

(See also page 35 of Report for 1944 and page 50 of Report for 1945.)

Reference was made on page 35 of the Association's report for 1944 to the Cotton Textiles Fund Ordinance which levied an export duty on cotton cloth and yarn, with a view to creating the Cotton Textiles Fund.

Early in June, the Government of India informed the Committee that they had under consideration schemes for establishing two institutes for textile research, one at Bombay and a second one at Ahmedabad. The Bombay scheme was proposed to be financed from the Cotton Textiles Fund and the institute at Ahmedabad was proposed to be set up by the Ahmedabad Textile Industries Research Association out of a fund to which the Ahmedabad Millowners' Association had donated forty-eight lakhs of rupees and the Government of India nineteen lakhs of rupees. The Southern India Millowners' Association, Coimbatore, had requested Government that a similar institute should be set up at Coimbatore to which that Association would contribute at least twenty lakhs of rupees, should the Government of India agree to contribute an equal sum. Government pointed out that in their view the textile industry in other parts of the country should also make substantial contributions towards the capital and recurring expenses of the institutes which might be set up in their areas.

In reply, the Committee pointed out that by far the largest portion of the cotton textiles exported out of India was the produce of Bombay mills, and it could justifiably be claimed that the Cotton Textiles Fund had mostly been contributed by Bombay mills. Apart, therefore, from the pre-eminence of Bombay as the most suitable centre, it was only just and fair that the institute to be financed from the Cotton Textiles Fund should be located in Bombay. This fact had already been recognised by the Cotton Textiles Fund Committee, and the Committee were in complete agreement with Government in their decision to finance the Bombay institute from the Cotton Textiles Fund. The Committee felt that as the Cotton Textiles Fund itself had been mostly contributed by Bombay mills, they ought not to be called upon to make any further contributions to finance the proposed institute in Bombay. If, however, after the establishment of the institute, it was found that the Cotton Textiles Fund required to be augmented for a proper functioning of the institute, the Committee stated that they would be glad to consider this matter at the proper time.

Government also stated in their letter that with a view to avoiding unco-ordinated effort and duplication of work in the various institutes, it would be in the national interest to have one research foundation to regulate the general policy to be followed in textile research, with a number of regional units to execute this policy at suitable centres like Bombay, Ahmedabad, Coimbatore and a centre to be selected in North Western India. The Committee expressed their entire agreement with this suggestion, and pointed out that Bombay would provide the most suitable centre for such a central research foundation for the following reasons : (a) a bulk of research work would be carried out in Bombay through the proposed institute, and through

the Department of Chemical Technology of the University of Bombay, the Victoria Jubilee Technical Institute and the Technological Laboratory of the Indian Central Cotton Committee, the latter three institutions having already carried out extensive research work in the field ; (b) the pre-eminent position of Bombay as the centre of the cotton textile industry and its easy accessibility from all other important centres of this industry ; (c) other facilities provided by Bombay due to the existence side by side, of a large number of engineering works and other industries allied to the cotton textile industry ; and (d) the proposed establishment in Bombay of India's largest textile machinery manufacturing plant.

The Committee also took the opportunity of inviting Government's attention to a representation made by the Victoria Jubilee Technical Institute to the Cotton Textiles Fund for financial assistance. The Institute had established a degree course in textile manufactures, and due to the existence of electrical and mechanical courses side by side, the Institute was very well suited to foster research work in cotton textiles as a post-graduate activity for students graduating in their textile course. The Committee, therefore, suggested to Government that a substantial grant might be made to that institution from out of the Cotton Textiles Fund.

The Committee deputed Mr. Neville N. Wadia as the Association's representative to take part in the conference convened by Government to discuss the issues raised in Government's communication.

It is understood that the Conference decided upon the establishment, for the present, of three regional institutes at Bombay, Ahmedabad and Coimbatore, with a central statutory body to direct and co-ordinate the efforts of the three institutes. The regional institutes would be controlled by autonomous councils of management, and would have two sources of income, namely, contribution by the Government of India from the Cotton Textiles Fund, and collection by regional institutes of a levy on mills in the area of the institute on the basis of looms and spindles working in the mills. (*Appendix 37.*)

COTTON TEXTILES FUND RULES, 1948.

With a view to regulating the work of the Cotton Textiles Fund Committee, Government framed certain Rules under the Cotton Textiles Fund Ordinance and published them in the *Gazette of India* dated the 10th April 1948 as the Cotton Textiles Fund Rules.

THE INDIAN TARIFF (AMENDMENT) ACT, 1948.

(See also page 41 of Report for 1947.)

Early in the year under review, the Tariff Board recommended protection to the following among other industries : steel baling hoops, starch, cotton and hair belting, stearic and oleic acids, non-ferrous metals, steel belt lacing and dry battery industries. Government accepted the Board's recommendations and introduced in the Constituent Assembly, towards the end of August, a Bill to amend the Indian Tariff Act, 1934, to give effect to these recommendations. The Bill was passed by the Assembly and received the assent of the Governor-General on the 24th September 1948.

REVISION OF IMPORT DUTY ON NICKEL AND NICKEL ALLOYS.

(See also page 104 of Report for 1947.)

Reference was made on page 104 of the Association's report for 1947 to the Committee's support to an application addressed to the Central Board of Revenue by Messrs. The Mond Nickel Co., Ltd., England, for the repeal of duty on nickel and nickel alloys imported into India.

Under sub-section 2 (m) of the Indian Tariff (Amendment) Act, 1948, which granted protection, among others, to the non-ferrous metal industry, the tariff item No. 65 in the first Schedule to the Act was reclassified into two distinct categories of which the first one comprised all non-ferrous nickel alloys including german silver, nickel silver and cupro-nickel, and the revenue duty of 30 per cent. *ad valorem* was converted into a protective duty. In imposing protective duty on all non-ferrous nickel alloys, it appeared that Government had overlooked the fact that high nickel content alloys were not at present being produced in India, and that the removal of duty thereon would not hurt any Indian industry. Certain non-ferrous alloys of comparatively low nickel content which were produced in the country, however, required protection, and the proper solution, therefore, seemed to lie in distinguishing the high nickel content alloys from those of low nickel content for the purpose of import duty. With this end in view, the Committee suggested that the tariff item referred to should be further re-classified into two sub-clauses—one comprising all non-ferrous nickel alloys containing upto and including 40 per cent. nickel, which should be subject to protective duty, while the other comprising alloys containing over 40 per cent. nickel which should be allowed to be imported free of duty. (*Appendix 38.*)

PROTECTION TO WIRE HEALDS MANUFACTURING INDUSTRY.

(See also pages 103 and 238 of Report for 1947.)

Reference was made on page 103 of the Association's report for 1947 to the Committee's views on the question of granting protection to the wire healds industry. The Board submitted the following recommendations to the Government of India :

- "(1) A comparison of the estimated fair selling price of the indigenous article with the landed cost of imports without duty shows that the industry needs no protection at present.
- (2) Facilities should be given to the manufacturing of wire healds to import up-to-date machinery and for securing technical personnel from abroad.
- (3) The industry is apprehensive of serious competition from imports of low-priced wire healds in future. Should such competition arise and jeopardise the position of the industry it may approach Government for the institution of a summary enquiry."

The Board's recommendations were subsequently accepted by Government.

PROTECTION TO THE INDIAN PICKERS INDUSTRY

Early in October 1946, Government referred to the Tariff Board a claim to protection received from the pickers industry

The resolution dated 23rd September 1948 of the Government of India, embodying the recommendations of the Tariff Board, and Government's decision in the matter is reproduced below:—

"No. 218-T/II(3)/48 —In their Resolution No. 218-T(55)/45, dated the 12th October 1946, the Government of India referred to the Tariff Board a claim to protection received from the pickers industry. The terms of reference to the Tariff Board are contained in paragraph 5 of Commerce Department Resolution No. 218-T(55)/45, dated the 3rd November 1945.

2. The Board, having considered this claim, has submitted its report to Government. The Board considers that the pickers industry is eligible for the grant of protection and has made the following recommendations:—

- (1) The present revenue duty of 10 per cent. *ad valorem* should be converted into an equivalent protective duty, which should remain in force upto 31st March 1951. If the total landed cost of 4 B round foot pickers goes below Rs. 156 per gross during the period of protection, action should be taken under section 4 (1) of the Indian Tariff Act of 1934 to raise the duty so as to make the landed cost of 4 B round foot pickers Rs. 156 per gross. Similar action should also be taken if the landed cost of imported jute pickers goes below Rs. 385 per gross.
- (2) The Indian Tariff Schedule should be amended to include the following new item:

72 (12)	Pickers used in the	Protective	10 per cent	March 31st
	textile industries		<i>ad valorem</i>	1951

 and the words "and pickers" should be deleted from item No. 72 (1) of the Indian Tariff.
- (3) If a trade agreement is negotiated between India and Pakistan, the requirements of India in respect of hides and skins should be borne in mind till such time as the Indian industry is in a position to obtain suitable hides within the country itself.
- (4) The possibility of supply of sperm oil from sources other than U.K. and the U.S.A. should be investigated.
- (5) The question of providing quick transport required by the pickers industry as also any representations in regard to freight rates if substantiated by facts should be favourably considered.
- (6) The Indian Standards Institution should formulate specifications and standards which the manufacturers of pickers should comply with.
- (7) Wherever there are small units of production, the Provincial Governments concerned should take steps to organise these units by providing financial aid and other facilities.
- (8) The question of improving the quality of indigenous hides through better curing and other appropriate methods should receive the earnest consideration of the authorities concerned.
- (9) The industry should obtain authentic information whether there are any restrictions on the import of hides from Batavia owing to any agreement or understanding either between the Government of the countries concerned or between the combines or exporters of hides and manufacturers of leather goods in those countries and represent their case to Government for necessary action.

- (10) The industry should pool its requirements for sodium sulphide and then collectively negotiate with the Imperial Chemical Industries with a view to obtaining an adequate quantity of this chemical. In case satisfactory arrangements are not arrived at the industry should approach the Ministry of Industry and Supply for assistance in securing such supply.
- (11) As glue is obtained as a by-product in the pickers industry, the picker manufacturers at each centre should combine and try to establish a glue manufacturing plant on an economic scale.
- (12) In the interests of the industry, direct relations and dealings between the manufacturers of indigenous pickers on the one hand and their consumers, viz., the textile industry on the other, should be developed.
- (13) Picker manufacturers should form an all-India Association which should ascertain the requirement of machinery for the different units and then approach Government for the necessary facilities for obtaining it.

3. The Government of India have, after careful consideration, decided to accept recommendations (1) to (4) and (8) and steps are being taken to implement them.

4. In regard to recommendation (5) in paragraph 2 of this Resolution, Government will be prepared to consider with sympathy any detailed representation that may be made by the industry in this behalf.

5. Government accept recommendation (6) of the Tariff Board contained in paragraph 2 above.

6. The recommendation (7) will be brought to the notice of the Provincial Governments.

7. Government wish to draw the attention of the industry to recommendations (9) to (13) of the Board contained in paragraph 2 of this Resolution and expect the industry to take necessary steps to implement them."

INDIAN PATENTS AND DESIGNS ACT

APPOINTMENT OF PATENTS ENQUIRY COMMITTEE.

(See also pages 28 and 73 of Report for 1944.)

Reference was made on page 28 of the Association's report for 1944 to the Committee's representation to the Government of India suggesting amendment to Part II of the Patents and Designs Act with a view to conferring upon the Controller of Patents and Designs discretionary powers so as to enable him to extend the time limit, as in the case of patents, for renewing designs in cases where applications for renewal were not made in time. The proposal was, however, not agreed to by Government.

At the Industries Conference convened by Government towards the latter part of December 1947, the Honourable Minister for Industry and Supply announced that Government would consider the demand from industrialists and others for a review of the laws relating to patents so as to render the patent system more conducive to national interests than at present. Accordingly, Government appointed a Committee to review the Patent Laws in India, under the chairmanship of Bakhshi Sir Tek Chand, Retired High Court Judge and Member of the Constituent Assembly of India, and

consisting of Sir Gurunath Bewoor, Major-General S. S. Sokhey, Mr. S. M. Basu, Mr. N. Barwell and Mr. S. P. Sen with Dewan Bahadur K. Rama Pai as Member-Secretary, with the following terms of reference :

- (1) to survey and report on the working of the Patent System in India ,
- (2) to examine the existing Patent legislation in India and to make recommendations for improving it, particularly with reference to the provisions concerned with the prevention of abuse of patent rights .
- (3) to consider whether any special restrictions should be imposed on patents regarding food and medicine .
- (4) to suggest steps for ensuring effective publicity to the patent system and to patent literature, particularly as regards patents obtained by Indian inventors .
- (5) to consider the necessity and feasibility of setting up a National Patents Trust ,
- (6) to consider the desirability or otherwise of regulating the profession of patent agents ;
- (7) to examine the working of the Patent Office and the services rendered by it to the public and make suitable recommendations for improvement , and
- (8) to report generally on any improvement that the Committee thinks fit to recommend for enabling the Indian Patent System to be more conducive to national interest, by encouraging invention and the commercial development and use of inventions

The Patents Enquiry Committee subsequently issued a questionnaire which was answered by the Association (Appendix 39.)

THE INDIAN MERCHANDISE MARKS (AMENDMENT) ACT, 1941.

(See also page 31 of Report for 1945.)

Reference was made on page 31 of the Association's report for 1945 to the Indian Merchandise Marks (Amendment) (Supplementary) Act, 1945.

Under section 7 of the Amendment Act which replaced section 12 of the main Act, cotton mills were required to stamp on each piece (a) the length of the piece in yards or fractions thereof, and (b) the name of the manufacturer or of the occupier of the premises in which the piece was finally processed. Cotton yarn sold in bundles and cotton thread such as sewing, darning, crochet or handicraft thread were required to be stamped as follows :

Cotton Yarn.—(a) An indication of the weight of yarn in each bundle, (b) the count of yarn contained in the bundle, and (c) the name of the manufacturer or of the wholesale purchaser in India of the goods.

Cotton Thread.—(a) The length or weight of the thread in the unit, and (b) the name of the manufacturer or of the wholesale purchaser in India of the goods.

If the piecegoods or cotton yarn or cotton thread were, however, sold from the premises, for export, the marking of the name of the manufacturer or of the wholesale dealer was not required. Failure to observe these provisions was rendered punishable with fine and forfeiture of goods under the newly added section 12 (3) of the Act.

The Amendment Act was brought into force from the first day of November 1948. (*Appendix 40.*)

COTTON YARN AND COTTON THREAD (MARKING) RULES.

(*See also pages 92 and 223 of Report for 1947.*)

Reference was made on page 93 of the Association's report for 1947 to the Committee's views on certain draft rules which the Government of India proposed to make under section 20 of the Indian Merchandise Marks Act, 1899, relating to the marking of cotton yarn and cotton thread. The rules as finally accepted by Government were published in the *Gazette* towards the latter part of October 1948 as Cotton Yarn and Cotton Thread (Marking) Rules. According to Rule 1(2) thereof, the Rules would come into force with effect from 1st April 1949. (*Appendix 41.*)

REGISTRATION OF TRADE MARKS.

RECIPROCITY BETWEEN INDIAN UNION AND PAKISTAN.

(*See also pages 90 and 222 of Report for 1947.*)

Reference was made on page 90 of the Association's report for 1947 to the Indian Independence (Miscellaneous Transitional Provisions) Order, 1947.

Under Article 6 of the Order, the Registrar of Trade Marks, Bombay, and the Deputy Registrar of Trade Marks, Calcutta, were to administer, till 31st March 1948, the Trade Marks Act in Pakistan, on behalf of the Government of Pakistan. Subsequent to that date, a separate Trade Marks Registry for Pakistan was understood to have been established at Karachi. This meant that a trade mark registered in India would receive no protection in Pakistan, unless it were re-registered in Pakistan.

It was understood, in this connection, that the Government of India had initiated talks with the Pakistan authorities, but for some reason or other, a satisfactory solution could not be found. In a communication addressed to Government towards the middle of June, the Committee impressed upon Government the necessity of a speedy settlement of this issue, and suggested that Government might reopen negotiations with the Government of Pakistan with a view to arranging a conference of representatives of the two Governments at a very early date for arriving at some mutually satisfactory agreement. The matter is still pending before Government. (*Appendix 42.*)

**TAXATION ON INCOME (INVESTIGATION COMMISSION)
AMENDMENT BILL, 1948.**

(See also pages 35 and 173 of Report for 1946.)

Reference was made on page 35 of the Association's report for 1946 to the Taxation on Income (Investigation Commission) Act.

Early in February, 1948, a Bill to amend the Taxation on Income (Investigation Commission) Act was introduced in the Constituent Assembly of India (Legislative), by the Honourable Mr. R. K. Shanmukham Chetty, Minister for Finance. The statement of objects and reasons attached to the Bill read :

"The object of the Bill is to amend the Taxation on Income (Investigation Commission) Act, 1947 as the provisions of the existing Act are far from adequate to enable the Investigation Commission to function effectively. The amendments proposed in the Bill embody the minimum powers which the Commission must possess if its labours are to bear fruit. Opportunity has also been taken to define and clarify the powers of the Commission so that purely technical objections may not be raised with a view to obstruct or defeat the work of the Commission. The principal provisions of the Bill are explained in the notes on clauses below."

The Bill was referred to a Select Committee, and was, thereafter passed by the Assembly. It received the assent of the Governor-General on the 12th April 1948.

**INCOME-TAX AND BUSINESS PROFITS TAX (AMENDMENT)
BILL, 1948.**

(See also page 83 of Report for 1947.)

Reference was made on page 83 of the Association's report for 1947 to the constitution of the Income-tax Investigation Commission, under the Taxation on Income (Investigation Commission) Act.

Early in January, the Income-tax Investigation Commission prepared a memorandum in connection with the amendment of sections 34 and 46 of the Income-tax Act and invited the Committee to express their views on the proposals contained therein. The Committee's reply containing their views in the matter is reproduced in the Appendix.

The Commission submitted its report to Government, and on the basis of the recommendations contained in the report, a Bill further to amend the Indian Income-tax Act, 1922, and the Business Profits Tax Act, 1947 was introduced, towards the end of March in the Constituent Assembly of India (Legislative) by the Honourable Minister for Finance. The statement of objects and reasons attached to the Bill read :—

"The most important part of the Bill is the proposed amendment of section 34 of the Income-tax Act which prescribes the conditions under which completed assessments may be reopened by the Income-tax Department. This is based on the recommendation

made by the Income-tax Investigation Commission who have submitted an interim report on the subject in view of the extreme urgency of the matter. The Commission have come to the conclusion that the existing law under which completed assessments cannot be reopened except after the Income-tax Officer actually discovers an under-assessment in consequence of definite information which has come into his possession, does not afford adequate safeguard against loss of public revenue, particularly such loss as arises from the tactics employed by the dishonest tax-evader. They have, therefore, recommended that when an assessee does not make a full disclosure of all particulars concerning his income his assessment may be reopened by the Income-tax Officer if he satisfies his immediate superior (the Inspecting Assistant Commissioner of Income-tax) that there is reason to believe that there has been escapement of tax. The Commission have also recommended that the Commissioner of Income-tax should have the power to revise within two years any order of the Income-tax Officer which is prejudicial to the revenue subject to the assessee's right of appeal against such revision, to the Income-tax Appellate Tribunal. Another important recommendation of the Commission is that the Income-tax Department should have the power to attach debts due from any person to an assessee who defaults payment of tax demanded from him. These recommendations of the Commission, with which the Government agree, are incorporated in the amendments proposed in the Bill.

The other amendments of the Income-tax Act and Business Profits Tax Act are, as explained in the notes on clauses below, of a clarifactory nature or consequential to the change effected in the Government of India Act by the India (Provisional Constitution) Order, 1947.

The provision which was originally made in the Finance Bill for allowing Municipal taxes as a deduction in computing the income from property, has been omitted from that Bill and included in this Amendment Bill as suggested by the Select Committee on the Finance Bill.

Clause 2.—According to this clause, it was proposed to change the definition of the word “company.” In the case of companies registered beyond the limits of India, it was proposed to bring them within the scope of the definition only in the event of their being so declared by the Central Board of Revenue. The Committee had no objection to the principle underlying this proposal, but they pointed out that the clause should be made applicable only to new companies which commenced to operate in India after the introduction of the Bill, or 15th August 1947. In other words, it was suggested that whatever privileges had been conferred for purposes of this Act on companies operating in India prior to 15th August 1947 should continue to be accorded to them.

•*Clause 8.*—This clause sought to amend section 34 of the Indian Income-tax Act on the basis of the recommendations made in this behalf by the Income-tax Investigation Commission. The amendment, briefly stated, empowered the Income-tax Officer to institute re-assessment proceedings provided he satisfied the Inspecting Assistant Commissioner of Income-tax that he had reason to believe that by reason of the assessee's failure to make a full disclosure of his income, there had been evasion of tax. The period for completion of the assessments was also proposed to be extended and it was proposed that the assessment must be completed within one year of the service of notice provided the notice was served within the time limit. The proposed amendment did not, however, appear to have taken into account the views expressed by the Committee in connection with the Income-tax Investigation Commission's memorandum on the subject.

Clause 13.—In this clause, it was proposed to amend section 2 of the Business Profits Tax Act with a view to defining the “Director's remunera-

tion " as including all remuneration payable by a company in any capacity whatever. It was felt that there was no reason why a company should not utilise the expert knowledge of a director in his capacity as a solicitor, or an accountant, or a technical expert as the case may be, by payment of adequate remuneration for such services. Even if the company were not to utilise the services of a director in this manner, the company would, of necessity, have to employ a suitable outside person for this purpose, and in that case, his remuneration would certainly be chargeable to the company's account and allowed as an expenditure for purposes of assessment. In this view of the case, there was no reason why the director's services should not be utilised as a technical expert. The Committee, therefore, suggested that any remuneration to a director, in his capacity as an expert should continue to be allowed as a *bona fide* business expense.

Clause 15.—This clause proposed to amend sub-rules (1) and (2) of Schedule II of the Business Profits Act. It was proposed in the case of companies to which rule 3 of Schedule I applied to define their capital as sum of the amounts of their paid-up capital and reserves. The Committee suggested that the unappropriated amount of the profit and loss account should also be included in the definition of capital.

The Bill was subsequently referred to a Select Committee which submitted its report towards the middle of August. The Select Committee considered that certain executive safeguards should be provided for the protection of the assessee so that they might not be unnecessarily harassed in respect of completed assessments. The Select Committee proposed in clause 8 that the Income-tax Officer should record his reason for reopening an assessment and any such reopening could only be done if the Commissioner of Income-tax were satisfied that it was a fit case for doing so.

The Bill as amended by the Select Committee was passed by the Assembly and received the assent of the Governor-General on 8th September, 1948. (*Appendix 43.*)

ENQUIRY INTO INCOME-TAX LAW—QUESTIONNAIRE OF THE INCOME-TAX INVESTIGATION COMMISSION.

Towards the end of May, the Commission forwarded to the Committee an exhaustive questionnaire with a covering note which, *inter alia*, stated :

" A part of the duty assigned to the Commission under section 3 of the Taxation on Income (Investigation Commission) Act, 1947 is to investigate and report to the Central Government on all matters relating to taxation on income, with particular reference to the extent to which the existing law relating to and procedure for assessment and collection of such taxation is adequate to prevent the evasion thereof. Although the words 'on all matters relating to the taxation on income' would seem to suggest a very wide scope for the enquiry, the Commission read them in the light of the preamble to the Act which refers to the purpose of ascertaining whether the actual incidence of taxation on income is and has been in recent years in accordance with the provisions of law. They are, therefore, principally concerned with topics of legal avoidance, evasion and the causes which lead to the tax not being levied or collected through defective machinery of the department "

The Committee answered the questionnaire in consultation with a special Sub-Committee. The questionnaire and the Committee's replies are reproduced in the appendix. (*Appendix 44.*)

INDIAN INCOME-TAX RULES, 1922

AMENDMENT OF RULE 8.

Towards the latter part of January, 1948, the Central Board of Revenue published in the *Gazette of India* the draft of certain amendments to Rule 8 of the Indian Income-tax Rules, 1922, for eliciting views thereon.

Under the existing rule, depreciation under section 10 (2) (vi) of the Indian Income-tax Act was allowed at the prescribed rates, whether or not the buildings, machinery, plant or furniture had been working during the full period of the assessment year. The proposed change sought to lay down that such allowance should be calculated on a monthly basis, depreciation being allowed in proportion to the number of complete months for which the assets had been used by the assessee in his business during the year. If the assets were used for less than two months during the year, only one-twelfth of the depreciation would be allowed.

In a representation addressed to the Central Board of Revenue, towards the latter part of February 1948, the Committee submitted that they were unable to accept, as a general rule, that, where an industrial establishment was closed either entirely or partially, no depreciation should be allowed in respect of the period of closure. If the logic underlying the Government's proposal was that buildings, plant or machinery standing idle did not depreciate at all, or as rapidly as it would otherwise had been the case, then Government had been misinformed, as buildings, plant and machinery, if anything, depreciated more when in disuse than otherwise.

The proposal was also objectionable from another point of view. If Government's view was that buildings, plant and machinery used less would depreciate less, then it followed that in the case of buildings, plant and machinery worked beyond one shift, additional depreciation should be accorded on the basis of the number of hours worked over the first shift. In other words, if the factory worked two shifts of eight hours each, it should be entitled to twice the ordinary depreciation and if it worked three shifts of 7½ hours each, it should be entitled to a still higher depreciation proportionate to the number of hours worked. But at present, the assessee was allowed only 50 per cent. over ordinary rates of depreciation, regardless of whether he worked 7½ hours or 15 hours over the first shift. Further, the permissible depreciation was proposed to be limited to the number of complete months of user by the assessee. The expression "user" apparently did not only mean occupation alone but also meant work. If that be so, then depreciation would vary with the number of complete months for which the factory worked. Under the present unsettled conditions, it was likely to mean in effect that not many factories would be able to put in "complete months" to qualify themselves for depreciation for even a part of the year.

The amendment was, however, carried out in substantially the same form as it was originally issued, and the amended rule was published in the *Gazette of India* towards the middle of May 1948. Subsequently, the Central Board of Revenue issued a circular explaining the implications of the above amendment. The intention of the amendment was stated to be to prevent more than one claim for depreciation at full rates being submitted within the same year in the case of assets which had changed hands in the course

of the year. While the Committee had no objection to Government's proposal they felt it necessary that there should be further elucidation of the procedure prescribed in the Board's circular for calculating the rate of depreciation admissible to factories. The correct interpretation of sub-paragraphs (2) and (3) of paragraph 4 of the Board's circular appeared to be that for the purpose of calculating depreciation, the number of days worked by a factory included the actual number of days worked plus the statutory holidays, periods of closure due to labour troubles such as strikes and lockouts, and the period of closure due to *force majeure*. Unless this were the interpretation, the Committee felt that a factory working for a full year would be unable to claim the full rate of depreciation for the reason that after allowing the statutory holidays under the factory legislation, the average number of days worked in a year would normally amount to about 300. It could never have been the intention of the Income-tax authorities that a factory working for a full year within the framework of the factory legislation should be debarred from claiming the full rate of depreciation allowance merely on the ground that the total number of days worked in a year was only 300. The Committee, therefore, suggested to the Central Board of Revenue that the matter should be set right.

Towards the beginning of August, the Central Board of Revenue issued a circular stating that it was not the intention of Government that Sundays or other public holidays on which the factory would remain closed should be excluded in computing the depreciation allowance admissible on the new basis. (*Appendix 45.*)

ASSESSMENT OF NON-INDIAN ASSOCIATIONS TO INCOME-TAX.

The Central Board of Revenue, New Delhi, by a notification issued towards the latter part of September, declared every non-Indian Association to be a company both for purposes of assessment for the year ending 31st March 1949 as well as for purposes of deduction of super-tax during the year ending 31st March 1949 under the provisions of section 18 of the Indian Income-tax Act, 1922, provided the following conditions were fulfilled to the satisfaction of the Income-tax Authorities :

- (1) that it is an Association incorporated under the laws of any country ; and
- (2) that it is assessable, or was in fact assessed, as a Company for the assessment year ending on 31st March 1948 ; and
- (3) either that it is an Association in which the public are substantially interested, that is to say : its shares (not being shares entitled to a fixed rate of dividend), carrying not less than 51 per cent. of the voting power have been allotted unconditionally by, to, or are acquired unconditionally by, the public and have been the subject matter of dealings in any Stock Exchange during the year ending 31st March 1948 and are in fact freely transferable by the holders to other members of the public ; or that it is an Association of which the entire share capital is held directly or through nominees by an Association in which the public are substantially interested as above.

INDEPENDENCE DAY BONUS.

ALLOWED AS EXPENDITURE IN INCOME-TAX AND EXCESS
PROFITS TAX ASSESSMENTS.

(See also page 70 of Report for 1947.)

Reference was made on page 70 of the Association's report for 1947 to the Independence Day Bonus sanctioned by the Association to the operatives employed in cotton and woollen mills situated in the Bombay City and Island. Early in January 1948, the Central Board of Revenue issued the following circular allowing the payment in income-tax and excess profits tax assessments :-

"The attention of Commissioners of Income tax is invited to Board's letter No. 8(38)EP-15 dated the 10th May 1946 containing the instructions that 'Victory Bonus' may be allowed in the income-tax and excess profits tax assessments so long as the total of the bonuses paid did not exceed three months' basic pay of the employees. Similarly, there is no objection to the Independence Day Bonus being taken into account in arriving at the total amount of bonus allowable as reasonable expenditure. However, the maximum amount viz. three months' pay laid down in the Board's letter referred to above should still hold good."

TRANSFER OF PROPERTY (INDIA) ORDINANCE, 1948.

An Ordinance to provide for the payment of taxes before the recognition of transfer of property, was promulgated by the Government of India on the 7th February 1948. Section 3 of the Ordinance prohibits the registration of any document, relating to property other than agricultural land, required to be registered under the provisions of clauses (a), (b), (c) or (e) of sub-section (1) of section 17 of the Indian Registration Act, 1908, unless certified by the Inspecting Assistant Commissioner of Income-tax of the area concerned, to the effect that every person whose right, title or interest in the property is or will be transferred, assigned, limited, or extinguished under the terms of the document in question, is either not liable to taxation under the Income-tax Act, the Excess Profits Tax Act, or the Business Profits Tax Act, or that he has either paid or made satisfactory provision for the payment of all the existing or anticipated liabilities under any of the said Acts or that, in the opinion of the said Commissioner, the registration should be allowed.

ENQUIRY INTO FINANCES OF INDIAN STATES
AND UNIONS OF STATES.

Towards the latter part of October 1948, the Government of India appointed the Indian States Finances Enquiry Committee, consisting of Sir V. T. Krishnamachari (Chairman), Mr. S. K. Patil, and Mr. N. Dandekar (Members), to examine and report upon :

- (1) the present structure of public finance in Indian States and Unions of States ;

- (2) the desirability and feasibility of integrating federal finance in Indian States and Unions of States with that of the rest of India, to the end that a uniform system of federal finance may be established throughout the Dominion of India ;
- (3) whether, and if so, the extent to which, the process of so integrating federal finance in the Indian States and Unions with that of the rest of India should be gradual and the manner in which it should be brought about ; and the machinery required for this purpose, especially as regards the legislative groundwork and the administrative organisation necessary for the imposition, assessment and collection of federal taxes ;
- (4) the results of such a policy of integrating federal finance upon the finances of Indian States and Unions and the consequential financial adjustments and relations which should subsist between the
 - Governments of the Indian States and Unions on the one hand, and the Government of India on the other ;
- (5) the measures which the Committee may consider necessary and/or desirable for revising in the light of present-day conditions and standards and having regard to the requirements of modern administration, the structure of provincial finance and, in particular, the levels and sources of provincial revenues in Indian States and Unions of States ;
- (6) any other consequential and cognate matters which the Committee might consider as arising out of the foregoing terms of reference.

The Enquiry Committee invited suggestions from non-officials, associations, and other members of the public, in connection with its proposed enquiry.

In a representation addressed to this Enquiry Committee, the Committee of the Association submitted that there should be uniformity in the Indian States and the Union as regards the level of taxation, such as income-tax, super-tax, business profits tax, etc., and that the tax collecting authorities should be the same in the States and the Union to ensure prevention of double taxation. (*Appendix 46.*) •

THE BOMBAY SALES TAX (REPEAL AND RE-ENACTMENT) ACT, 1948.

(*See also page 101 of Report for 1947.*)

Reference was made on page 101 of the Association's report for 1947 to the Committee's views on a suggestion to change of basis of taxation from a single point tax to a general turnover tax.

A Bill to repeal, re-enact and amend the Bombay Sales Tax Act, 1946, was introduced in the Bombay Legislative Assembly early in March

1948 by the Honourable Mr. V. L. Mehta, Minister for Finance. The statement of objects and reasons attached to the Bill read :—

"Under sub-section (4) of section 93 of the Government of India Act, 1935, read with paragraph 6 of the India (Provisional Constitution) Order, 1947 any law made by the Governor during the Section 93 regime continues to have effect until two years have elapsed from the date on which the Proclamation ceases to have effect, unless sooner repealed or re-enacted by Act of the Provincial Legislature. It is considered desirable to continue in force the provisions of the Bombay Sales Tax Act, 1946, as amended from time to time. It is also proposed to amend the Act to incorporate the levy of a special tax on certain articles at a rate higher than the rate for the general tax levied at present, and to modify it further in certain other matters."

The Bill was passed by the Legislature and received the assent of the Governor General on 28th March 1948.

AMENDMENT OF BOMBAY SALES TAX RULES, 1946.

(See also page 101 of Report for 1947.)

Reference was made on page 101 of the Association's report for 1947 to the Bombay Sales Tax Rules. Towards the beginning of April 1948, Government published the draft of a notification proposing certain amendments to the Bombay Sales Tax Rules, 1946, to carry out the purpose of the Bombay Sales Tax (Repeal and Re-enactment) Act, and invited views thereon.

According to section 6 of the Bombay Sales Tax (Repeal and Re-enactment) Act, sales or supplies of goods which were shown to the satisfaction of the Sales Tax Commissioner to have been despatched by, or on behalf of, the dealer to an address outside the Province of Bombay or to have been removed to such an address within such period as might be prescribed, by or on behalf of the person purchasing the goods, were exempted from sales tax. The proposed rule 5C prescribed a time limit of three months for this purpose. In a representation submitted towards the middle of April, the Committee invited Government's attention to the present transport difficulties, and pointed out that it was not always possible to obtain transport facilities within a reasonable period. Further, in the case of transport of cotton cloth, permits from the Textile Commissioner were required to be obtained and this introduced another factor of uncertainty and delay. The Committee, therefore, submitted that the limitation period should be extended to six months.

The Rules as finally adopted by Government were published in the *Bombay Government Gazette Extraordinary* dated the 29th April 1948. (Appendix 47.)

BOMBAY SALES TAX TRIBUNAL REGULATIONS, 1948.

(See also page 102 of Report for 1947.)

Reference was made on page 102 of the Association's report for 1947 to the constitution of a Tribunal under the Bombay Sales Tax Act. Certain regulations which were subsequently made by this Tribunal under section 4 of the Bombay Sales Tax Act were notified by Government early in August 1948, as the Bombay Sales Tax Tribunal Regulations, 1948.

SALES TAX ADVISORY COMMITTEE.

Early in September, the Government of Bombay appointed a Committee consisting of the Commissioner of Sales Tax (*Chairman*), the Deputy Commissioner of Sales Tax (*Deputy Chairman*), Mr. Sunderdas Morarjee, Mr. B. V. Tambe, Mr. R. A. Khedgikar, M.L.A., Mr. Khimji M. Bhujpuria, Mr. Haji Noor Mohamed, M.L.A., Mr. A. S. Thakore, Mr. Babubhai Patel, M.L.A., Mr. D. V. Potdar, Mr. Jivanrao Yalgi, Khan Bahadur J. B. Vachha and Mr. H. C. M. Rana, to assist Government in the smooth and efficient administration of the Sales Tax Act. The Committee, besides making suggestions generally in regard to the removal of procedural anomalies and legitimate grievances, was also required to assist the Commissioner of Sales Tax in devising measures to prevent and minimise the evasion of the tax.

• THE BOMBAY LAND REQUISITION ACT, 1948.

(See also pages 109 and 250 of the Report for 1947.)

Reference was made on page 109 of the Association's report for 1947 to the Bombay Land Requisition Ordinance promulgated by the Government of Bombay and to the Committee's representation to Government requesting the exemption of mill chawls from the scope of the Ordinance. Towards the end of March 1948, a Bill to replace the Ordinance was introduced in the Legislature by the Hon'ble Minister for Civil Supplies. The Bill was passed and received the assent of the Governor-General on the 11th April.

EXEMPTION OF MILL CHAWLS FROM THE BOMBAY LAND REQUISITION ACT.

As regards exemption of mill chawls, Government replied, towards the latter part of July, stating that they would have no objection to allotments in mill chawls being made to the mill's own employees, provided such allotments were made strictly according to the following conditions: (a) a register showing the location of the tenements and the names of occupations were maintained for each chawl, (b) a register containing the names and addresses of employees applying for allotments were maintained, (c) mills undertook to allot tenements to their employees, as and when they became vacant, in the order of registration, (d) in no case were the tenements allowed to remain unoccupied for more than a month, and (e) intimation of each allotment were sent to Government within seven days of the allotment being made.

Referring to condition (c) above, a member mill pointed out that a strict observance of the condition would create difficulties, as it was absolutely essential, that certain classes of employees like boiler sarangs, fire brigade men, watch and ward staff, hydrant and sprinkler men, electric motor men and wire men, etc., should reside in mill chawls near the mill premises so that they might be available at a moment's notice. It was, therefore, submitted that an exception might be made to the condition of allotment, so that wherever possible, such employees could be given preference in making allotments. This was agreed to by Government. (*Appendix 48.*)

THE BOMBAY LAND REQUISITION (EXEMPTION) RULES, 1948.

Towards the end of July, Government published the Bombay Land Requisition (Exemption) Rules, 1948, under section 19 (2) of the Act. Among other things, the rules provided for certain exemption from conditions of allotments in the case of buildings newly erected or reconstructed by the employers for the *bona fide* use of their employees, subject to the following conditions : (1) the employer framed allotment rules and submitted them to Government for approval, and all allotments were made according to the approved rules ; (2) if any premises remained vacant for more than a month, the vacancies were reported to the prescribed authority.

THE BOMBAY BUILDING (CONTROL ON ERECTION) ACT, 1948.

Early in January, the Government of Bombay issued an Ordinance to provide for the control over erection and re-erection of buildings in the Province of Bombay. The statement attached to the Ordinance read :

" Considerable difficulty is being experienced at present in providing housing accommodation in the industrial cities and towns of this Province. Essential building materials like bricks, steel, etc., in short supply are not easily available for essential construction works. It is accordingly proposed to control the construction of buildings so that non-essential works can be immediately stopped and the materials which would have otherwise been utilised on them would become available for use on essential works. The progress of essential works will thus be made easier and quicker. Black marketing in the controlled building materials will be considerably minimised as only those structures will be permitted which are considered essential and for which controlled building materials could be released "

With a view to replace the Ordinance, a Bill to provide for the control on erection and re-erection of buildings in the Province of Bombay was subsequently introduced in the Bombay's Legislature early in March by the Hon'ble Minister for Labour and Housing. The Bill was passed by the Legislature and received the assent of the Governor-General on 9th April 1948.

ESTABLISHMENT OF ADDITIONAL CITY CIVIL COURT FOR GREATER BOMBAY.

(See also pages 59 and 227 of Report for 1931.)

Reference was made on page 59 of the Association's report for 1931 to the Committee's views on the Bill published by the Government of Bombay, to provide for the establishment of an additional Civil Court for the City of Bombay, drawn up on the lines of the Madras City Civil Court Act, 1892. The Bill was, however, not proceeded with.

In September 1946, Government appointed Mr. P. M. Lad, I.C.S., District and Sessions Judge of Poona, to make a thorough investigation into, and to report on, the proposals for (a) the establishment of a City Civil Court

in Bombay, (2) the establishment of a separate Sessions Court in Greater Bombay, and (3) consideration of the effects which the proposals at (1) and (2) above, if accepted, would have on the dual system now prevailing on the original side of the Bombay High Court, and also on the reconstitution of the Bar with regard to its unification. Mr. Lad submitted his report to Government towards the middle of 1947. The report recommended, among other things, that a City Civil Court should be established for Greater Bombay, and the lowest limit of its pecuniary jurisdiction should be fixed at Rs. 15,000 with powers to Government to fix a higher limit in consultation with the High Court. The report was carefully examined by Government, which considered it desirable to establish a City Civil Court for Greater Bombay with a pecuniary jurisdiction of Rs. 10,000 in the first instance. Accordingly, a Bill to establish an additional Civil Court for Greater Bombay was introduced in the Bombay Legislative Assembly by the Honourable Home Minister towards the later part of January 1948. The salient features of the Bill, according to the statement of objects and reasons annexed thereto, were :

" The admiralty, testamentary, matrimonial and insolvency jurisdiction of the High Court has at present been left unaffected as also the jurisdiction conferred upon the High Court under any special law other than the Letters Patent. The pecuniary jurisdiction of the City Civil Court is fixed in the first instance at Rs. 10,000, and power has been taken to enhance it up to Rs. 25,000. The City Civil Court will be subordinate to and subject to the superintendence of the High Court. Appeals will lie to the High Court and the High Court will have the power for any special reason at any stage to remove for trial by itself any suit or proceeding from the City Civil Court. The law which does not include the procedure in force in the High Court (compare I.L.R. 58 Madras 511), to be administered by the City Civil Court shall be the same for the time being administered by the High Court in the exercise of its ordinary original civil jurisdiction. With a view to giving relief in court fees to suitors in causes which are determined without trial, provision has been made for the repayment of a part of the Court fee paid upon institution. The Bill contains provisions for the appointment of Judges, and for the appointment of a Registrar whom it is proposed to invest with powers for the purpose of saving judicial time. Under the transitory provision all suits and proceedings cognizable by the City Civil Court and pending in the High Court except those the hearing of which has commenced, will be transferred to the City Civil Court but in all such matters, provision has been made for giving credit for the court fee already levied in the High Court and also for assessing costs incurred in the High Court till the date of transfer "

The Bill was passed, and received the assent of the Governor-General on the 3rd May 1948. The additional Civil Court for the city was established towards the middle of August.

CONTROL OF ACCOUNTANCY PROFESSION.

APPOINTMENT OF EXPERT COMMITTEE.

(See also pages 106 and 245 of Report for 1947.)

Reference was made on page 106 of the Association's report for 1947 to the Committee's views on the tentative scheme drawn up by the Government of India for the establishment of an autonomous association of accountants.

Towards the beginning of May 1948, Government appointed an Expert Committee with Mr. C. C. Desai as Chairman and Messrs. G. P. Kapadia,

M. S. Krishnaswami, S. N. Banerjee, S. B. L. Vaish, N. R. Mody, K. Santhanam, A. L. Sahgal, and G. D. Apte as members (i) to examine the tentative scheme for an autonomous association of accountants in India in the light of opinions and comments received from the Provincial Governments, commercial bodies, etc., and to suggest concrete proposals to Government for making the profession autonomous, and (ii) to indicate where necessary, amendments to the existing laws or the terms of separate legislation, if necessary. The Expert Committee submitted its report to Government early in July.

CHARTERED ACCOUNTANTS BILL, 1948.

Early in September, a Bill to make provision for the regulation of the profession of accountants was introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Minister for Commerce. The statement of objects and reasons attached to the Bill read :

"The accountancy profession in India is at present regulated by the Auditors' Certificates Rules framed in 1932 in exercise of the powers conferred on the Government of India by section 144 of the Indian Companies Act, 1913, and the Indian Accountancy Board advises Government in all matters relating to the profession and assists in maintaining the standards of the professional qualifications and conduct required of the members of the profession. The majority of the Board's members are elected by Registered Accountants, members of the profession from all parts of India. These arrangements have, however, all along been intended to be only transitional, to lead up to a system in which such accountants will, in autonomous association of themselves, largely assume the responsibilities involved in the discharge of their public duties by securing maintenance of the requisite standard of professional qualifications, discipline and conduct, the control of the Central Government being confined to a very few specified matters.

The Bill seeks to authorise the incorporation by statute of such an autonomous professional body and embodies a scheme which is largely the result of a detailed examination of the whole position by an *ad hoc* expert body constituted for the purpose after taking into account the views expressed by the various Provincial Governments and public bodies concerned."

The Bill is pending before the Assembly.

COTTON TEXTILES (CONTROL OF MOVEMENT) ORDER, 1948.

(See also pages 35 and 36 of Report for 1944.)

Reference was made on pages 35 and 36 of the Association's report for 1944 to the Cotton Cloth Movements Control Order, 1943 and the Cotton Cloth and Yarn (Transport) Control Order, 1944. These Orders were replaced by the Cotton Textiles (Control of Movement) Order, early in January 1946. With the progressive decontrol of cloth and yarn towards the latter part of January 1948, control over movement of textiles was also relaxed partially. The resolution of the Government of India issued on 22nd January 1948 permitted free movement of cloth within a zone, while inter-zonal movement was ordinarily sanctioned by the Textile Commissioner, except in cases where such transport appeared uneconomic or unreasonable. The Government Press Note of 10th May removed all restrictions imposed on the movement of yarn within the Indian Dominion whether by rail, road, post or other means.

Towards the end of July, Government reimposed control on cloth and yarn and early in September, Government issued the Cotton Textiles (Control of Movement) Order which repealed the Cotton Textiles (Control of Movement) Order, 1946. According to clause 3 of this Order, no person shall transport or cause to be transported by rail, road, air, sea or inland navigation any cloth or yarn or apparel except under and in accordance with the general permit notified by the Textile Commissioner, or a special permit issued by him. In pursuance of this clause, the Textile Commissioner notified the General Permit No. I on the 10th September, 1948.

GOVERNMENT CONTRACTORS (DISPOSAL OF COTTON TEXTILES, UNUSED MATERIAL AND REJECTED STORES) ORDER, 1945.

(See also page 59 of Report for 1945.)

Reference was made on page 59 of the Association's report for 1945 to the Government Contractors (Disposal of Cotton Textiles, Unused Material and Rejected Stores) Order, 1945, promulgated by the Government of India.

This Order was repealed by Government on 20th April 1948, but was revived towards the end of January 1949.

LICENSING OF EXPORT AND IMPORT BUSINESS HOUSES.

Early in May, the Government of India requested the Committee to express an opinion on a proposal that all business houses in India carrying on export and import trade should be licensed by Government and that a licensing fee of Rs. 500 per annum should be charged in respect of business houses concerned with either import or export trade alone, and double that, in respect of houses concerned with both export and import trades. The Committee felt that the proposed licensing would mean an unnecessary interference with the normal business activity. Subsequently, Government informed the Association that this proposal had been dropped for the time being. (*Appendix 49.*)

ALLOCATION OF FINE SPINDLES TO MILLS.

(See also page 11 of the Report for 1947.)

Reference was made on page 11 of the Association's report for 1947 to the Committee appointed by the Government of Bombay for distribution of fine spindles allotted to the Province. The Committee submitted its report to Government towards the end of April 1947. The report recommended, among other things, that only those mills which were spinning medium counts, i.e., from 36s to 40s, should generally be considered for allocation to enable them to go finer. Government informed the Association towards

the middle of March 1948, that only 66,000 out of 114,000 fine spindles were allotted to the existing mills, out of which 22,500 had been allotted to mills in Bombay while 43,500 to mills in Ahmedabad. The remaining 48,000 spindles were reserved by Government for new mills to be started in the interior of the Province. These spindles were allotted to Ahmednagar, Bijapur, Nasik and Satara centres. (*Appendix 50.*)

IMPORT ADVISORY COUNCIL.

(See also pages 11 and 124 of Report for 1947.)

Reference was made on page 11 of the Association's report for 1947 the reconstitution of the Export Advisory Council.

Towards the end of September 1948, the Government of India constituted, by a resolution, an Import Advisory Council under the Chairmanship of the Hon'ble Minister for Commerce, to advise Government on matters of general policy relating to Import Control.

The Council consisted of the following members.

- (A) Federation of Indian Chambers of Commerce and Industry:
Representing Manufacturers : Messrs. Shanti Prasad Jain (Calcutta) and Kantilal C. Munshaw (Ahmedabad).
Representing Import Trade : Messrs. K. P. Goenka (Calcutta) and Ambalal Kilachand (Bombay).
Representing Distributional Trade : Bawa Bachittar Singh (Delhi) and Mr. Ashutosh Bhattacharya (Calcutta).
- (B) Associated Chambers of Commerce of India, Calcutta :
 Messrs. A. R. Macgillivray (Calcutta) and T. J. Hudson (Bombay).
- (C) All India Manufacturers' Organisation, Bombay :
 Mr. Nariman D. Sahukar (Bombay).
- (D) Appointed by Government from non-officials :
 Messrs. M. A. Chidambaram Chettiar (Madras), D. P. Karmarkar (Dharwar), B. K. Rohtagi (Calcutta) and Dr. V. K. R. V. Rao (Delhi).
- (E) Appointed by Government (from the Constituent Assembly) :
 Messrs. Prabhudayal Himmatsingha (New Delhi) and Shrinivas Mallia (New Delhi).

Five Ministries of the Government of India were represented by the following :

Messrs. C. C. Desai (Ministry of Commerce), S. Boothalingam (Ministry of Industry and Supply), A. K. Roy (Ministry of Finance), Mrs. T. S. Pillay (Ministry of Food) and Mr. S. Chakravarti (Ministry of Transport).

Mr. G. R. Kamat, Chief Controller of Imports was appointed as Secretary of the Council.

SPINDLE AND LOOM HOURS LOST AND LOSS OF PRODUCTION DURING THE YEAR 1948.

During the year a census of the spindle and loom hours lost due to shortage of labour, strikes, *hartals*, etc., in cotton spinning and weaving mills in the City and Island of Bombay was undertaken, and the loss of production of cloth and yarn following from strikes, *hartals*, shortage of labour, etc., was estimated. The results are given below. For the sake of comparison, corresponding figures for the period 1947 are also given.

		•	<i>Spindle hours lost</i>	<i>Loss of production. Yarn</i>
Shortage of labour	{	1947	300,065,774	12,502,737 lbs.
	{	1948	146,789,285	6,116,218 ..
Strikes, <i>hartals</i> etc	{	1947	753,570,439	31,398,767 lbs.
	{	1948	296,724,147	12,363,504 ..
			<i>Loom hours lost</i>	<i>Loss of production Cloth</i>
Shortage of labour	{	1947	6,532,857	39,197,142 yards.
	{	1948	2,982,063	17,892,378 ..
Strikes, <i>hartals</i> , etc	{	1947	20,102,257	120,613,542 yards
	{	1948	5,778,901	34,673,406 ..

The figures for 1948 do not, however, include the spindle and loom hours lost and also loss of production of cloth and yarn consequent upon the break-down in the power supply in the city on account of the damage sustained by the Power Company's installations, as a result of cyclone havoc which occurred on the 22nd November. The estimated loss on this account is indicated below :

	<i>Spindle hours lost</i>	<i>Loss of production. Yarn</i>	<i>Loom hours lost</i>	<i>Loss of production. Cloth</i>
Nov and Dec. 1948	531,222,352	22,134,264 lbs	7,981,601	47,889,606 yards.

RAW COTTON STOCKS.

In accordance with the usual practice, a census of stocks of raw cotton held by the cotton spinning and weaving mills in the City and Island of Bombay on the 29th February 1948 and on 31st August 1948 was undertaken by the Association and the results are summarised below :

Quantity of Raw Cotton in Stock.

	Cotton actually on hand in mill godown.		Ready cotton bought but not taken delivery of.		Total.	
Date.	Actual number of bales.	Actual weight of bales (in candies of 784 lbs.	Actual number of bales.	Actual weight of bales (in candies of 784 lbs.)	Actual number of bales.	Actual weight of bales (in candies of 784 lbs.)
29-2-1948	396,037	205,344	61,775	31,414	457,812	236,758
31-8-1948	396,335	204,260	30,836	15,671	427,171	219,931

PIECEGOODS MARKET REPORTS.

During the year, the weekly series of Amritsar Market Reports by Mr. Rama Kant Bhandari were continued, and these, together with the weekly reports submitted by Mr. Jamshed N. Mody on the Bombay Market, were sent out regularly to all members of the Association.

MEMBERSHIP SUBSCRIPTION.

In accordance with Rule 35 of the Association's Rules and Regulations, the following rates of membership subscription for the year 1949 were fixed at a special meeting of the Committee held on Wednesday, the 15th December 1948 :

	Bombay City and Island (including Kurla).		Up-country.	
	Woollen Mills	Cotton Mills.	Woollen Mills.	Cotton Mills.
	Rs a	Rs.	Rs a.	Rs. a.
For every 1,000 Mule Spindles or part thereof	30 0	17 8	24 0	10 0
For every 500 Ring Spindles or part thereof	30 0	17 8	24 0	10 0
For every 50 Looms or part thereof, set up in the mill or mills, factory or factories which, for the time being, shall belong to each member	22 8	40 0	18 0	25 0
For every Rs. 10,000 or part of Rs. 10,000 of the cost up-to-date, without depreciation, of the plant, buildings and land, of dyeing and/or bleaching and/or printing and/or mercerising factories or departments owned by a member	5 0	5 0	4 0	4 0

In the case of *minimum subscription*, the rates were fixed as under :

	Rs.
In the case of cotton mills, woollen mills and dyeing and bleaching establishments situated in the City and Island of Bombay and Thana ..	750
Do. do. do. elsewhere in India ..	500
In the case of ginning and pressing factories	300

PUBLIC AND MILL HOLIDAYS.

HOLIDAYS FOR MAHATMA GANDHI'S ASH IMMERSION DAY AND FOR
ELECTION TO THE BOMBAY MUNICIPAL CORPORATION.

Reference was made on page 115 of the Association's report for 1947 to the Association's List of Mill Holidays and Pay Days for 1948 drawn up in accordance with the provisions of the Factories Act, 1934, and the Payment of Wages Act, 1936. The holidays for workers, in the month of February, according to the list, were on the five Sundays falling on the 1st, 8th, 15th, 22nd and 29th respectively. The Government of Bombay, however, declared 14th, 17th and 19th February 1948, as public holidays in the City of Bombay under the Negotiable Instruments Act on account of the general election to the Bombay Municipal Corporation. Government also declared a holiday on the 12th February on account of the immersion of Mahatma Gandhi's ashes. The Committee considered the matter and cancelled the holidays scheduled to fall on Sunday the 8th, 15th and 22nd respectively and declared mill holidays on the 12th, 14th, 17th and 19th February. The holiday on 12th of February was subsequently declared by the Committee to be a paid holiday for mill workers of Bombay.

MILL HOLIDAY FOR MAY DAY.

Towards the latter part of April, the Government of India issued a Press *communique* which stated, among other things, that Government had issued instructions to their officers in-charge of industrial undertakings that they should, on timely request from a substantial number of workers in their establishments, declare a holiday on the 1st of May (i.e., May Day) on condition, however, that in lieu thereof, labour agreed to work on some other paid holiday. Government also expressed the hope that private and other public industrial undertakings would follow a similar policy.

The Committee invited members' attention to the Government's Press *communique* and recommended that managements of member mills might on timely request from a substantial number of workers in their mills, grant a holiday on Saturday the 1st May 1948, on condition, however, that labour agreed to work on 2nd May in lieu thereof.

MILL HOLIDAYS AND PAY DAYS FOR 1949.

The following mill holidays and pay days, which are in accordance with the provisions of the Factories Act, 1934, and of the Payment of Wages Act, 1936, respectively, were recommended by the Committee of the Association for adoption by all Bombay member mills during the year 1949 :

MONTH.	DATE	DAY	FESTIVAL.	PAY DAY.			
				MILLS EMPLOYING 1,000 OR MORE OPERATIVES		MILLS EMPLOYING LESS THAN 1,000 OPERATIVES.	
JANUARY	1st	SATURDAY	<i>New Year Day</i>				
	9th	SUNDAY					
	16th	SUNDAY		Mon	10th	Fri	7th
	23rd	SUNDAY					
	30th	SUNDAY					
FEBRUARY	6th	SUNDAY	<i>Maha Shivaratri</i>				
	13th	SUNDAY					
	20th	SUNDAY		Thurs	10th	Mon	7th
	25th	FRIDAY					
MARCH	6th	SUNDAY	<i>Holi</i>				
	14th	MONDAY					
	15th	TUESDAY					
	16th	WEDNESDAY		Thurs	10th	Mon	7th
	20th	SUNDAY					
APRIL	30th	WEDNESDAY	<i>Gudi Padva</i>				
	3rd	SUNDAY	<i>Ram Navami</i>				
	7th	THURSDAY					
	17th	SUNDAY		Sun.	10th	Wed.	6th
	24th	SUNDAY					
MAY	1st	SUNDAY					
	8th	SUNDAY					
	15th	SUNDAY		Tues	10th	Sat	7th
	22nd	SUNDAY					
JUNE	29th	SUNDAY					
	6th	SUNDAY					
	12th	SUNDAY					
	19th	SUNDAY		Fri	10th	Tues.	7th
JULY	20th	SUNDAY	<i>Ashadi Ekadashi</i>				
	6th	WEDNESDAY					
	10th	SUNDAY					
	17th	SUNDAY		Sat.	9th	Thurs	7th
AUGUST	24th	SUNDAY	<i>Nag Panchami</i>				
	30th	SATURDAY					
		MONDAY					
		MONDAY					
SEPTEMBER		WEDNESDAY	<i>Narali Purnima</i>				
		SUNDAY	<i>Independence Day</i>				
		SATURDAY	<i>Gokul Ashtami</i>	Wed	10th	Sun.	7th
		SATURDAY	<i>Ganesh Chaturthi</i>				
OCTOBER	1st	THURSDAY	<i>Gowri Visarjan</i> <i>Anant Chaturdashi</i>				
	6th	TUESDAY					
	11th	SUNDAY		Sat	10th	WED	7th
	18th	SUNDAY					
NOVEMBER	22nd	THURSDAY	<i>Sarva Pitri Amavasa</i>				
		SATURDAY	<i>Dasara</i> <i>Mahatma Gandhi's Birthday</i>				
		SUNDAY					
		SUNDAY					
DECEMBER		FRIDAY		Mon.	10th	Fri.	7th
		SATURDAY	<i>Diwali</i>				
		SUNDAY					
		SUNDAY					
NOVEMBER	6th	SUNDAY					
	13th	SUNDAY					
	20th	SUNDAY		Thurs.	10th	Mon.	7th
	27th	SUNDAY					
DECEMBER	4th	SUNDAY					
	11th	SUNDAY					
	18th	SUNDAY		Sat.	10th	Wed.	7th
	25th	SUNDAY					

TARIFF VALUATIONS UNDER THE INDIAN TARIFF ACT.

For purposes of record, the Indian Customs Tariff, Schedules I and II, appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st April 1949), showing the rates of Customs duties, including the additional duties levied under the Indian Finance Act, 1949, the Indian Tariff (Amendment) Act, 1949, the Protective Duties (Miscellaneous Provisions) Act, 1949, and the Cotton Textiles Fund Ordinance, 1944 (Central Ordinance No. XXXIV of 1944), levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles under Government of India, Ministry of Commerce, Notification No. 73-T (7) 48, dated the 22nd December 1948, for the purpose of assessment of Customs duties with effect from the 1st January 1949, (2) the rates of duty leviable on articles the produce or manufacture of Burma under Government of India, Finance Department (Central Revenues), Notification No. 39-Customs, dated the 7th June 1941, as subsequently amended, (3) the rates of Excise duties leviable on articles produced or manufactured in British India, and (4) the rates of cesses leviable on certain articles on export or otherwise and the Tariff values fixed for certain articles under Government of India, Ministry of Agriculture, Notification No. F.17-1/48-ST, dated the 26th June 1948, as subsequently amended, for the purpose of assessment of the Agricultural Produce Cess with effect from the 1st July 1948, are reproduced in full in *Appendix 51*.

THE MILLOWNEERS' ASSOCIATION, BOMBAY.
Income and Expenditure Account for the year ended on the 31st December, 1948.

Dr.

Cr.

EXPENDITURE.		Rs	a.	p.	Rs	a.	p.
To Establishment		76,037	13	0			
„ Dear Food Allowance		34,135	8	0			
„ Conveyance Allowance to Secretary, Assistant Secretary, Labour Officer and Assistant Labour Officer		5,305	0	0			
„ Preparation of Monthly Import and Export Statistics for 1948		1,996	6	0			
„ Preparation of Statistics for the Bombay Cotton Mill Industry for 1947		570	0	0			
„ Office Rent		2,883	12	0			
„ Printing Statistical Returns, Mill Statement for 1948, Annual Report for 1947, etc		11,146	15	6			
„ Stationery		3,396	10	0			
„ Advertisements		198	0	0			
„ Fact Advertisements		6,279	4	0			
„ Books and Periodicals		2,315	0	0			
„ Auditors' Fees		500	0	0			
„ Telephones		1,377	8	0			
„ Electric Lights and Fans		1,897	3	1			
„ Furniture and Fixtures		1,413	12	6			
„ Cost of Air Conditioning Machines		17,862	14	0			
„ Petty Charges, Sundry Expenses, including Postage and Telegrams		4,930	2	0			
„ Association's Contribution to Provident Fund		6,898	15	0			
„ Membership Subscription to the Employers' Federation of India, the Textile Institute, the Royal Asiatic Society, the Indian Institute of Art in Industry and the Indian Standards Institution, for the year 1948		2,618	14	0			
„ Cost of presentation of a Souvenir to Sir Ness Wadia		2,666	4	0			
„ Bonus to Staff		13,337	12	0	1,97,167	9	10
„ Contributions for the year to : The Victoria Jubilee Technical Institute		2,500	0	0			
The Police Comforts Fund		1,000	0	0			
The Textile Technical School		700	0	0			
The Sir J. J. Hospital Poor Box		400	0	0			
The K. E. M. Hospital Poor Box		400	0	0			
The Naigam Social Service Centre		350	0	0			
The Bombay Textile and Engineering Association		200	0	0			
The Goculdas Tejpal Hospital Poor Box		200	0	0			
The Maharashtra High School		250	0	0	6,000	0	0
„ Balance, being Excess of Income over Expenditure carried to Balance Sheet					85,858	6	0
Total					2,89,625	15	10
					Rs.		
INCOME.							
By Subscriptions for 1948					2,62,185	6	0
„ Additional Subscriptions for 1948					3,304	3	0
„ Miscellaneous Receipts					3,411	11	9
„ Interest on Investments of General Fund, etc. (including interest accrued Rs 9,743.12.0)					20,610	12	1
„ Income-tax on Interest on Securities							
Refund for 1946 Accounts					2,683	15	0
Refund for 1947 Accounts					939	6	0
Refund from Brokers					765	10	0
Refund on Cloth Shops (1943 and 1944)					979	6	0
Less—Income-tax on Securities for 1947-48 deducted at source					5,368	5	0
					5,254	6	0
					113	16	0
Total					2,89,625	15	10

Examined and found correct.

A. F. FERGUSON & CO.,

Chartered Accountants.

Registered Accountants.

Auditors.

N. S. V. AIYER,

Secretary.

BOMBAY, 30th March, 1949.

THE MILLOWNERS' ASSOCIATION PROVIDENT FUND.

Statement of Funds for the year ended on the 31st December, 1948.

PROPERTY AT OPENING AND RECEIPTS			PROPERTY AT CLOSING.		
	Rs.	a. p.	Investments held at Cost	Face Value Rs.	Rs.
Funds as at 1st January 1948		12 11			
Contributions received from Members during 1948	6,901	0 0	4 per cent Government Loan, 1960-70	70,500	70,082 8 0
Contributions from the Association for 1948	6,898	15 0	3 per cent Government Loan, 1963-65	20,500	20,333 12 0
Interest (including interest accrued Rs. 1,141-4-0)	4,119	15 11	3 per cent Government Loan, 1951-54	5,000	5,031 4 0
Less—Bank Charges	10	9 6	3 per cent. 1st Development Loan, 1970-75	11,000	10,905 10 0
	4,109	6 5	3 per cent Government Loan, 1966-68	6,500	6,849 6 0
	17,909	6 5	Post Office 12-year National Savings (certificates)	15,000	15,000 0 0
Less—Claims paid	1,23,490	2 4		1,28,500	1,28,202 8 0
Lesses and Forfeitures	31	9 6	(Market value of these securities was Rs 1,36,178-12-0 on 31st December 1948)		
Balance as per last statement	10,351	10 11	Interest accrued on the above securities		1,141 4 0
			Outstandings due from Millowners' Association for Contributions for 1948		383 6 0
			Cash with the Imperial Bank of India on Current Account.		10,083 1 9
Total	1,39,810	3 9	Total	Rs.	1,39,810 3 9

Examined and found correct.

A. F. FERGUSON & CO.,
Chartered Accountants,
Registered Accountants,
Auditors.

N. S. V. AIYER,
Secretary.

BOMBAY, 30th March, 1949.

Report for the Year 1948.

Section III.

CORRESPONDENCE.

APPENDICES 1—51.

APPENDIX 1.

**THE BOMBAY, CALCUTTA AND MADRAS PORT TRUSTS (CONSTITUTION)
(AMENDMENT) BILL, 1948**

ASSOCIATION'S REPRESENTATION ON THE BOMBAY PORT TRUST.

L. A. BILL NO 5 OF 1948, introduced in the Constituent Assembly of India (Legislative) on the 11th February, 1948, by the Hon'ble Mr. R. K. Sidhwa —

A Bill further to amend the Bombay Port Trust Act, 1879

Whereas it is expedient further to amend the Bombay Port Trust Act, 1879, for the purposes hereinafter appearing,

It is hereby enacted as follows —

1 *Short title and commencement* — (1) This Act may be called the Bombay Port Trust (Amendment) Act, 1948

(2) It shall come into force at once

2. *Substitution of new section for section 5, Bombay Act VI of 1879* — For section 5 of the Bombay Port Trust Act, 1879 (Bombay Act VI of 1879) (hereinafter referred to as the said Act) the following section shall be substituted, namely :—

“ 5 (1) The Board shall consist of twenty-three members, that is to say, of twenty elective-trustees, and three nominated by Government

(2) Of the three nominated trustees, one shall be an officer serving in the Bombay Brigade and one Collector of Customs, Bombay, and one representative of Indian Mercantile Marine ”

3. *Amendment of section 6, Bombay Act VI of 1879* — For sub-section (1) of section 6 of the said Act, the following sub-section shall be substituted, namely :—

(1) The elective-trustees shall be elected as follows —

Two by the Bombay Chamber of Commerce.

Nine by the Indian Merchants' Chamber and Bureau,

Four by the Municipal Corporation of the City of Bombay,

One by the Millowners' Association,

Two by the Indian National Trade Union Congress,

One by the Bombay Baroda and Central India Railway Advisory Committee, and

One by the Great Indian Peninsula Railway Advisory Board.”

4. *Substitution of new section for section 7, Bombay Act VI of 1879* — For section 7 of the said Act the following section shall be substituted, namely :—

“ 7 The nominee-trustee shall be appointed by the Government of India by notification in the *Bombay Gazette*. ”

5. *Amendment of section 9, Bombay Act VI of 1879* — In section 9 of the said Act, for the word “ two ” the word “ three ” shall be substituted.

6. *Amendment of section 11, Bombay Act VI of 1879*.—In section 11 of the said Act, for the words “ Central Government ” the word “ Board ” shall be substituted.

7. *Amendment of section 14, Bombay Act VI of 1879*.—In clause (b) of sub-section (1) of section 14 of the said Act, after the word “ offence ” the words “ involving moral turpitude ” shall be inserted

8. *Amendment of section 15, Bombay Act VI of 1879.*—For sub-section (1) of section 15 of the said Act, the following sub-section shall be substituted, namely :—

“(1) The Secretary shall convene within one week of the announcement of the names of trustees in the official *Gazette*, a meeting of all the trustees at which a Chairman and a Deputy Chairman shall be elected from amongst the elective members of the Board. The offices of both the Chairman and the Deputy Chairman shall be honorary.”

(2) In sub-section (2) of section 15 of the said Act the words “other than the Chairman who” shall be omitted.

9. *Amendment of section 16, Bombay Act VI of 1879.*—After clause (7) of section 16 of the said Act, the following shall be inserted, namely :—

“(8) *Meetings of Board to be open to Press.*—All meetings of the Board shall be open to the Press except such meetings and such subjects which the Chairman feels should be held *in camera* and shall not be open to the Press :

Provided that the Committee meetings shall be held *in camera*.”

10. *Amendment of section 20, Bombay Act VI of 1879.*—In section 20 of the said Act —

(1) in the first paragraph for the words “Central Government,” wherever they occur, the word “Board” shall be substituted ;

(2) the second paragraph shall be omitted

11. *Insertion of new section 20A in Bombay Act VI of 1879.*—Before section 21 of the said Act, the following section shall be inserted, namely :—

“20A *Appointment of Chief Executive Officer and his salary.*—(1) The Board shall appoint a Chief Executive Officer as the head of Executive Administration who shall be the servant of the Board.

(2) The Board shall at its first meeting, delegate such powers as it deems fit to the Chief Executive Officer and fix his salary not amounting to more than Rs. 2,000 per mensem.”

12. *Amendment of section 22A, Bombay Act VI of 1879.*—In section 22A of the said Act,

(a) sub-sections (1) and (2) shall be omitted, sub-sections (3), (4), (5) and (6) shall be re-numbered (1), (2), (3) and (4), respectively ; and

(b) for sub-section (1) as so re-numbered the following shall be substituted, namely :—

“(1) A Deputy Chairman so appointed may, subject to the control of the Chairman, perform such of the duties of Chairman under this Act and such other duties appertaining to his office as the Board may from time to time declare to be fit.”

STATEMENT OF OBJECTS AND REASONS.

The amendment of Bombay Port Trust Act is overdue and in view of the Dominion of India being attained, it becomes more necessary to amend the Act. The main object of this Bill is to amend its constitution; increase the number of elected trustees and the Chairman to be elected by the Board instead of salaried Chairman to be nominated by the Government. To replace the salaried Chairman, a provision has been made in the Bill to appoint a Chief Executive Officer whose salary shall be fixed by the Board.

At present the meetings of the Board are being held *in camera*, section 9 provides that all meetings should be open to the Press and the Committee meeting should be held *in camera*. It is also proposed that the term of the Board shall be three years instead of two at present.

Copy of letter No. 257, dated 9th April 1948, from the Association to the Secretary to the Government of India, Ministry of Commerce, New Delhi.

I am directed by the Committee of the Association to refer to the Bill "further to amend the Bombay Port Trust Act, 1879" introduced in the Constituent Assembly of India (Legislative) on the 11th February 1948, by Mr. R. K. Sidhwa, and to communicate to you my Committee's views on certain provisions of the Bill.

Clause 3 of the Bill proposes to revise the constitution of the Board of Trustees. According to the revised constitution, the seats allocated to industrial and commercial bodies will be distributed as under :—

The Bombay Chamber of Commerce : 2 seats instead of 5

The Indian Merchants' Chamber and Bureau : 9 seats instead of 5

As against these two organisations, the Millowners' Association, Bombay, will have only one seat, which, it is submitted, falls far short of the real needs of the case, as measured by the stake which the Association and its members have in the City and Province of Bombay. If an analysis were made of the import and export figures for the years 1935-36 to 1939-40, the figures for latter years not being available, 19 per cent (by value) of the total import and export trade (exclusive of treasure) done in the Chief Port of Bombay, could be strictly attributed to the cotton textile industry. My Committee had represented matters to the Bombay Port Trust when this matter was under their consideration, and had asked for two seats on the reconstituted Board, but for reasons which are not known to the Association, this proposal was not accepted. I am, therefore, to urge before Government the Association's case for increased representation on the Board of Trustees to the Port of Bombay, and trust that it will be sympathetically considered.

In clause 8 of the Bill, it is proposed to have an elected honorary Chairman and Deputy Chairman from among the elected members of the Board. Under the present arrangement, the Chairman of the Board who is also the Chief Executive Officer, is nominated by Government, the nomination being made after careful consideration of the candidate's experience, qualification, administrative ability, etc. This arrangement has worked well from every point of view, and should be continued. The Board of Trustees of the Port of Bombay will be called upon to deal with very important issues involving colossal sums of money, and a knowledgeable and experienced Chairman is a vital necessity if costly errors are to be avoided. A Chairman who owes his election to party politics need not be expected to be independent and impartial in the exercise of his functions, nor could it always be taken for granted that if the Chairman is to be elected, only the best qualified man would be returned. That apart, in view of the huge capital vested in the Board of Trustees, Government have a responsibility towards the taxpayer, and must, therefore, ensure that the administration of the Trust is in efficient and capable hands. This responsibility could, it is submitted, be adequately discharged only if Government had the right to nominate the Chairman and/or the Deputy Chairman of the Board.

Copy of letter No. 257, dated 27th April 1948, from the Association to the Secretary to the Government of India, Ministry of Transport, New Delhi.

The enclosed communication, No. 257, dated the 9th April 1948, on Mr. Sidhwa's Bill to amend the Bombay Port Trust Act, 1879, was sent to the Ministry of Commerce by the Association through an oversight.

Since writing, the attention of the Association has been drawn to Bill No. 40 of 1948* introduced in the Assembly by the Hon'ble the Minister for Transport. The Association would be grateful if the point of view expressed by my Committee in the Association's letter dated the 9th April could be considered by Government. According to the Bill introduced by the Hon'ble Minister for Transport, Government would announce the names of the local bodies, commercial interests, etc., who would be entitled to nominate Trustees to the Board. The Committee of the Association sincerely trust that, when Government reconstitute the Board in the light of the recommendations made in the Government Bill, they would bear in mind the desirability of according representation to the Association commensurate with the stake held by the Association and its members in the City and Province of Bombay.

ACT No. XXXVI OF 1948.

An Act to amend the constitutions of the Port Trusts of the major ports of Bombay, Calcutta and Madras.

Whereas it is expedient to amend the constitutions of the Port Trusts relating to the administration of the major ports of Bombay, Calcutta and Madras,

It is hereby enacted as follows :—

1. *Short title and commencement.*—(1) This Act may be called the Bombay, Calcutta and Madras Port Trusts (Constitution) (Amendment) Act, 1948.

(2) It shall come into force on such date as the Central Government may, by notification in the official *Gazette*, appoint.

2. *Amendment of certain enactments.*—The enactments mentioned in the Schedule are hereby amended to the extent and in the manner mentioned in the fourth column thereof.

3. *Transition from existing constitution to new constitution*—The appointments and elections to be made or held under any of the enactments mentioned in the Schedule, as amended hereby, may be made or held at any time after the passing of this Act and before this Act comes into force, but the Trustees or Commissioners, as the case may be, so appointed and elected shall not assume office until this Act comes into force, and on the coming into force of this Act the term of office of the Trustees or Commissioners, as the case may be, then holding office, shall expire

SCHEDULE

(See section 2)

Year 1	Number 2	Short title 3	Amendments 4
1879	Bombay VI	The Bombay Port Trust Act, 1879	<p>For section 5, the following section shall be substituted, namely</p> <p>“ 5. <i>Constitution of the Board</i> (1) The Board shall consist of twenty-five members, that is to say, of fourteen elective Trustees, ten nominee Trustees and a Chairman</p> <p>(2) The ten nominee Trustees shall be the following :—</p> <p>(a) two representatives of the Defence Services chosen by the Central Government, one of whom shall be a representative of the Royal Indian Navy in Bombay ;</p> <p>(b) two representatives of labour chosen by the Central Government after consultation with the registered trade unions, if any, composed of persons employed in the port ;</p> <p>(c) one representative of the Mercantile Marine Department, Bombay, chosen by the Central Government ;</p> <p>(d) the Collector of Customs, Bombay, ex officio ;</p> <p>(e) the General Manager, Great Indian Peninsular Railway, ex officio ;</p> <p>(f) the General Manager, Bombay, Baroda and Central India Railway, ex officio ;</p> <p>(g) one representative chosen by the Provincial Government ; and</p> <p>(h) the Municipal Commissioner for the City of Bombay, ex officio.”</p> <p>For sub-section (1) of section 6, the following shall be substituted, namely :—</p> <p>“(1) Of the thirteen elective Trustees, two shall be elected by the Municipal Corporation of the City of Bombay and the remaining by such provincial or local bodies representing commercial interests as the Central Government may, from time to time, by notification in the official <i>Gazette</i>, specify, and such notification may also specify the number of Trustees that each of such bodies may elect.”</p>

Note.—References in the Act to the Calcutta Port Trust Act and the Madras Port Trust Act are omitted.

APPENDIX 2.

REPRESENTATION ON THE ALL-INDIA BOARD OF TECHNICAL STUDIES IN TEXTILE TECHNOLOGY

Copy of letter No F.4-87/47-E.III(P), dated 11th November 1947, from the Secretary, All-India Boards of Technical Studies, Government of India, Ministry of Education, to the Association

I am directed to say that the Government of India have set up an All-India Council for Technical Education to promote and co-ordinate technical education in the country. With a view to ensuring uniformly high standards of education and examination the Council have established six All-India Boards of Technical Studies. A note on the constitution and functions of the Board is appended for your information.

2. The term of office of the present members of the All-India Boards will expire on the 31st December 1947, and the Boards will have to be reconstituted with effect from the 1st January 1948.

The tenure of office of the members of the reconstituted Boards will be three years, i.e., upto 31st December 1950, subject to the proviso that a person representing a particular constituency shall remain on the Board for so long as he continues to be member of that constituency.

3. As per constitution of the Boards one seat has been allotted to the representative of "Employers" on each of the six Boards.

I am to request that the name and address of the person whom the Millowners' Association, Bombay, may wish to recommend for nomination on the All-India Board of Technical Studies in Textile Technology may be communicated to me at an early date. As far as possible the person recommended should be an expert in the subject of "Textile Technology."

I am to add that other Millowners' Associations have also been addressed and out of the panel of names thus formed, final selection will be made by the Co-ordinating Committee of the All-India Council for Technical Education.

Resolution of the All-India Council for Technical Education about the formation of the All-India Board of Technical Studies passed at its first meeting held in New Delhi on the 30th April, and 1st and 2nd May, 1946

II ALL-INDIA BOARDS OF TECHNICAL STUDIES

(a) *Constitution.*—All-India Boards of Studies shall be constituted for the different subjects of Engineering and Technology and as a first measure such Boards shall be constituted for the following branches of study.

- (i) Engineering and Metallurgy.
- (ii) Architecture and Regional Planning
- (iii) Commerce, Business Administration and Economics
- (iv) Chemical Engineering and Technology
- (v) Textile Technology.
- (vi) Applied Art.

Each of these All-India Boards of Studies will consist of 12 members with power to co-opt not more than 3 members for any particular specialised branch of study.

The Board will be constituted as follows :

Representative of the A.I.C.T.E	...	...	...	...	...	...	1
„ „ A.P.T.I	...	...	...	...	...	...	2
„ „ Employees	...	...	...	...	...	...	1
„ „ Employers	...	...	...	...	...	...	1
„ „ Professional bodies concerned	...	...	...	...	...	...	2
„ „ Inter-University Board	...	...	...	...	...	...	1

and 4 other specialists to be nominated by the Co-ordinating Committee.

The Co-ordinating Committee shall be responsible for nominating members to the Boards of Studies concerned where necessary. In the case of Organisations of Employees and Employers where there is more than one organisation concerned with the particular Board, each such recognised organisation will be requested to forward a name and from the panel thus submitted the Co-ordinating Committee shall select the member.

The existing personnel of the All-India Boards of Studies constituted by the A.P.T.I. should be nominated in the first instance as the members of the new Boards of Studies and such vacancies as may be left over be filled in conformity with the lines laid down above.

The period of office of these Boards should be 3 years subject to the proviso that a person elected from a particular constituency shall continue to be on the Board so long as he continues to be member of the particular constituency.

The Boards constituted by the A.P.T.I. should function till 31st December 1947 and the Chairman already appointed for respective Boards should be requested to continue as such for the rest of the period. Thereafter the Chairman should be elected by the Boards concerned.

The Board should ordinarily meet twice a year but it will be open to the Chairman to summon meetings of the Boards as and when necessary.

(b) *Function.*—(1) To examine the existing regulations and syllabuses for certificates and diplomas in the different provinces and to frame definite regulations governing grant of

(a) All India Certificates

(b) All India Diplomas

(c) Higher Diploma of the H.T.I.

(2) To recommend what conditions should be prescribed for recognition of the different types of technical institutions taking into consideration

(a) qualification, nature and number of teaching staff required and conditions of service ;

(b) accommodation needed for teaching purposes and for staff and students ;

(c) the nature and extent of the equipment required ;

(d) facilities for practical training, and

(e) such other conditions as may be required for the recognition of the institutions.

(3) To recommend persons who should be appointed as inspectors and visitors to report on the conditions of the institutes with a view to the grant of initial recognition or continuation of recognition.

(4) To recommend the names of persons who may be appointed as external examiners ;

(5) To suggest names of assessors who will visit the Centre, report on the soundness and standard of examinations ;

(6) To perform such other duties as may be necessary for the fulfilment of the above purposes, or as may be prescribed by the Co-ordinating Committee."

Copy of letter No. 381, dated 8th December 1947, from the Association to the Secretary, All-India Boards of Technical Studies, Government of India, Ministry of Education, New Delhi.

I am directed to acknowledge the receipt of your letter No. F.4-87/47-E.III(P), dated 11th November 1947, and to say that my Committee recommend the nomination of Sir Vithal Chandavarkar, Kt., as the Employers' representative on the All-India Board of Technical Studies in Textile Technology. Sir Vithal Chandavarkar's address is given below :—

Sir Vithal Chandavarkar, Kt.,
C/o N. Sirur & Co., Ltd.,
70, Forbes Street, •
Temple Bar Building, Fort,
Bombay.

APPENDIX 3.

INDIAN ELECTRICITY RULES

PROPOSED REVISION.

Copy of letter No. G 2a/1653, dated 8th July 1948, from the Electrical Engineer to Government, Public Works Department, Bombay, to the Association

As you are probably aware, the Central Electricity Board has appointed a Technical Advisory Committee for the purpose of revising the Indian Electricity Rules, 1937, entirely and bringing them in line with the modern practices adopted in Electrical Engineering. As I have been appointed as a member of this Advisory Committee and as I am personally anxious to consider very carefully the difficulties which may have been experienced on account of the restrictive nature of some of the provisions in the existing Indian Electricity Rules, I shall be very glad if you will very kindly let me know at an early date whether you have experienced any difficulties in complying with any particular provisions of the Indian Electricity Rules, and if so, to state which rules have been observed by you to be of a restrictive nature in actual practice and in what respects.

As the matter is extremely urgent, I shall be obliged if you will give your immediate attention to the same.

Copy of letter No. 242-A, dated 27th July 1948, from the Association to the Electrical Engineer to the Government of Bombay, Public Works Department, Bombay.

I am directed to acknowledge with thanks the receipt of your letter No. G 2a/1653 of 1948, dated the 8th July 1948, in which you have afforded an opportunity to the Association of placing before the Technical Advisory Committee through you, any difficulties which might have been experienced in complying with any particular provisions of the Indian Electricity Rules.

I am to invite, in this connection, your attention to sub-rules (2) and (3) of rule 62 of the Indian Electricity Rules, which impose certain conditions regarding high pressure supply transformers, static condensers and switch gear, etc. The Association would have no objection if compliance with these conditions is enforced in the case of new installations. But I am to bring to your attention the almost insuperable difficulties which are experienced by textile mills of Bombay in remodelling their *existing* sub-stations on the lines of the requirements of these sub-rules.

In the first place, all mill sub-stations were designed to comply with the Indian Electricity Rules in force at the time of their installation, and provision could not have been made for the drastic modifications proposed in the amended rule. Moreover, the existing installations have not proved hazardous, and, so far as the Association is aware, have not given rise to any serious cases of accident or fire. There does not, therefore, appear to be any need for remodelling the existing installations.

The following practical difficulties are experienced by mills in complying with these sub-rules —

(1) In most cases, compliance with the amended rules will necessitate the entire re-building, re-modelling, or serious modifications to existing sub-stations, and the enormous quantities of material such as cement, bricks, cables, etc., are not available at present.

(2) Apart from the quantities of material required for the purpose, absolutely no building space is available in certain mills in the close vicinity of existing sub-stations, and building up a sub-station at another site would completely dislocate the entire distribution system.

(3) Alterations, re-modelling or re-building of sub-stations would necessitate complete closure of the mills, which, it is thought, should be avoided so long as there is a serious shortage of cloth in the country.

(4) Many installations are old, and as and when the productive equipments within mills undergo drastic changes according to plans of rehabilitation and modernisation, mills would, no doubt, replace the present equipment at the sub-stations by one suited to the new requirements. It is not, therefore, advisable to insist on re-modelling of existing installation, as in the near future it will have to be replaced all over again to suit the altered situation.

(5) Sub-station buildings would not allow for segregation of the licensee's terminal high pressure apparatus, and in many instances, space is not available for extension to buildings. If fire-proof walls between switches, static condensers and transformers were erected in the present constricted space, it would increase the temperature of transformers, due to limitation of space and resultant poor air circulation, and would lower the maximum rating of transformers. These walls would also be a serious obstruction in case a transformer, condenser or a switch is to be taken out of the sub-station building for repairs or overhaul. Soakpits and drains for switches, transformers, etc., cannot be provided due to lack of space and cable obstruction.

In view of the difficulties listed above, and the fact that the existing sub-stations have in no way constituted a menace to life or property, my Committee would be glad if you would kindly place this matter before the Technical Advisory Committee and secure the necessary amendment of the rules, or at least an exemption from their application to the existing installations.

There are one or two other rules which might be modified in the manner suggested below.

Rule No 60D requiring the provision of triple pole iron-clad switches near motors be qualified as to the limit of size of motor to which the rule is applicable. Alternatively where a motor is already provided with an oil filled starting switch and has isolating links on the distribution board from which it receives its power, this rule may be waived. The position at present is that even if there is an oil circuit breaker at the distribution board for isolating the motor, and if the motor has an oil starting switch, the provision of an iron-clad switch near the motor can still be insisted upon irrespective of the horse-power of the motor.

Rule 57 of the Electricity Rules might be provided with a sub-rule to clarify that, in the case of low and medium pressure small motors and apparatus, one direct earth from an earth plate or a water pipe and another from cable sheathing or heavy gauge conduit is allowed provided that the cable sheathing or conduit pipe is properly earthed at the point of origin.

Copy of letter No. EL-II-203(5), dated 9th August 1948, from the Secretary, Central Board of Electricity, Government of India, to the Association.

I am directed to refer to your letter No. 242-A, dated 21st July 1948, and to say that it is not possible to give representation to your Association on the Technical Advisory Committee, which is composed of either the members of the Central Electricity Board or their Technical Advisers. The Committee has, however, been empowered to take evidence and they will no doubt consult your Association before submitting their report to the Central Electricity Board.

The draft rules when finalised by the Central Electricity Board will, as usual, be published in the *Gazette of India* for public criticism. The comments so received by the Central Electricity Board will be given careful consideration before the draft rules are finally promulgated by the Central Electricity Board.

APPENDIX 4.

REVISION OF HEDGE CONTRACT.

Copy of letter No. 7106/A/583, dated 20th May 1948, from the Secretary, East India Cotton Association, Ltd., to the Association

I am directed to state that as you are aware, the present hedge contract (Indian Cotton Contract) had been evolved in 1942 to suit war-time conditions and to be in vogue only for a temporary period, i.e., for the duration of the war and some time thereafter. Since the Indian Cotton Contract was to be reviewed to meet the conditions of the post-war period, the Board have appointed a sub-committee to—

- (i) review the present hedge contract with a view to suggesting revisions therein,
- (ii) consider the desirability of evolving a hedge contract or contracts facilitating hedge trading in respect of growths at present not tenderable against the Indian Cotton Contract,

and to make recommendations thereon to the Board

In order that the Sub-Committee may have the views of your Association in devising a scheme of hedge contracts as would meet the requirements of the trade, I am to request your Association to communicate their views on the same on or before 28th May 1948.

Copy of letter No. 69, dated 21st June 1948, from the Association to the Secretary, the East India Cotton Association, Ltd., Bombay.

I am directed to acknowledge the receipt of your letter No. 7106/A/583, dated the 20th May 1948, requesting my Committee's views in connection with the proposed revision of the Indian Cotton Contract.

The present Hedge Contract, which was adopted in 1942, changed the basis staple from Broach cotton to Fine M.G. Jarilla of $\frac{3}{8}$ " staple. The reason for making this change at the time was that the short-staple cotton, which was the mainstay of India's surplus crop, lost its export markets of Far East and the Continental countries. The usefulness of the contract in short-staple cotton was, therefore, lost. Another factor which was taken into consideration was the desirability due to wagon shortage, of preventing an unnecessary transport of short-staple cotton to Bombay for its being tendered against the Indian Cotton Contract. The contract was, therefore, modified so as to serve the purpose of internal mill consumption, which had assumed greater importance.

All the factors listed above remain more or less unchanged. The additional factors that have now to be taken into account is the partition of the country which has resulted in rendering a large part of the tenderable crop into foreign cotton. The basis to be adopted for the Indian Cotton Contract should, therefore, be such as to give proper weightage to the above factors, and at the same time, prevent, as far as possible, any mixing of cotton, and bring nearer to reality the basis for fixation of spot rates.

My Committee are of the opinion that adoption of the basis of 25/32" for Jarilla cotton with a tolerance of 1/32" is most suitable, having regard to all these considerations. They are further of the opinion that nothing new has happened to justify the creation of short-staple cotton contract at this juncture.

The following varieties should be tenderable against the Indian Cotton Contract :

	<i>Basis Grade.</i>	<i>Basis Staple</i>
M.G. Jarilla	Fine	25/32"
M.G. Broach }	Fine	26/32"
M.G. Compta }		
M.G. Surti . .	Fine	28/32"
M.G. Westerns	Fine	25/32"
M.G. Cambodia	Fine	28/32"
M.G. Karungam	Fine	26/32"

My Committee are also of the view that Pakistan cotton should be tenderable against the Indian Hedge Contract provided delivery is made in the Indian Dominion territory. The following varieties of Pakistan cotton, namely, 4F, 289F, NT, and LSS should, therefore, be tenderable against the Indian Cotton Contract.

In my Committee's view, the old crop should also be tenderable against the Indian Hedge Contract provided it is not more than one year old, but the old crop of Broach cotton should not be tenderable in this manner. The tendering differences should be settled by the special Committee of the East India Cotton Association under by-law 55

The following standards should be adopted :

Standards :

- (a) *Grade* for all varieties As at present, namely, Extra Superfine, Superfine, Fine (Basis), Fully Good to Fine, Fully Good.
- (b) *Staples* .
- | | |
|---|---|
| Jarillas, Westerns and 4F . . | 24/32", 25/32", 26/32", 27/32". |
| Surtis, Cambodias, 289F and NT. | 26/32", 27/32", 28/32", 29/32", 30/32", 31/32", 1". |
| Broach, Comptas, Karangunis and LSS | 24/32", 25/32", 26/32", 27/32", 28/32", 29/32", 30/32". |

The following represent my Committee's view in the matter of tolerance :

Tolerances :

- (a) *Grade* 'ON' upto Superfine.
'OFF' upto Fully Good to Fine, anything below $\frac{1}{2}$ class OFF reject.
- (b) *Staples* As stated above.
'OFF' allowance upto 1/32", anything lower, reject.

If the cotton tendered is adjudicated by the Survey/Appeal Committees below the tolerances prescribed, then the award should be stated in nominal amounts, and the present

practice of mentioning full allowances should be done away with. This will discourage the buyer from taking up the cotton unless he really needed it. If, however, the buyer had claimed cotton before the survey, full allowances should be stated, but then he should be bound to take delivery of the cotton with the award allowances.

As to the tendering of cotton, my Committee feel that it should be possible to give up-country delivery provided that the up-country tender is at the option of the seller and the cotton is lying in a factory at an up-country centre, which normally turns out not less than 25,000 bales during the season. Such centres should be declared by the Board at the commencement of every season. The up-country tenders should also be subject to a reduction in the price of the cotton to be prescribed for each season, and to a further reduction to cover railway freight and such other charges as are prescribed by the Board. Special Rules should be framed for the drawing of samples for purposes of survey and appeal. The seller should be required to give storage facilities. It should be possible to issue up-country tenders on tender days falling within the 1st and the 20th day of the delivery month, these days to be notified at the commencement of a delivery month.

My Committee feel that March, May, July and September should be the tendering months.

Tendering differences between the basis cotton and the tenderable varieties, or the standards, should be fixed once in a month by a special Committee whose decision should be final. There should not be any appeal to the Board from the special Committee's decisions.

With regard to emergency by-laws regarding squeeze and bear raid, my Committee are of the opinion that the by-laws require to be modified with a view to providing that the Board alone should be in a position to decide whether such an emergency exists. The passing of a resolution to that effect should be done at least by three-fourths majority of the Directors present at the meeting, whose number should not be less than 16. The Board should proceed to consider this matter only upon receipt of a requisition signed by at least 100 members. The requisition shall be disposed of within three working days of its receipt. It should be possible for the Board either on receipt of a counter-requisition, or by themselves to revoke the resolution by a simple majority decision not earlier than 7 days after the declaration of the emergency.

In the event of an emergency being declared, the penalty for rejection should be raised from Rs. 3 to Rs. 25 per candy in the event of a bear raid. In the event of a squeeze, there should be an additional tolerance of $1/32$ " in respect of varieties other than Jarillas and Westerns and an additional grade tolerance of $\frac{1}{2}$ class in respect of other varieties.

REVISED HEDGE CONTRACT

The revised Hedge Contract which received the sanction of the Government of Bombay, and which was opened on 15th September 1948 for trading in the new crop for the season 1948-49, contained the following changes:—

- (1) Raising of the basic staple length of Jarilla to 25/32" with a tolerance of $1/32$ ".
- (2) Raising of basic staple length of Broach to 25/32" without tolerance.
- (3) Lowering of staple basis for Westerns to 25/32" with $1/32$ " tolerance and for Coomptas to 27/32" with $1/32$ " tolerance.
- (4) Making Surti, 289F and Cambodia cottons tenderable upto 15/16".
- (5) Inclusion of Dholleras, Cutch, Bijapur and Bagalkot cottons amongst tenderable varieties.
- (6) Exclusion of Pakistan styles from tenderable varieties.
- (7) Abolition of up-country tenders except in 'emergencies' (squeeze).
- (8) Exclusion of Petlad and Cambay as tenderable against Broach and their inclusion under Dholleras.

- (9) Separate standards for Rajpipla and making Jagadla, Netrang and Ankleshwar talukas tenderable against same
- (10) Restriction of tender months to four, viz., February, May, July and September.
- (11) Restriction of tender days from the 7th to 25th of the delivery period with a maximum of 7 tender days during a delivery period.
- (12) Prohibition of fresh business with effect from 15th of the delivery period instead of from 8th as hitherto.
- (13) Fixation of tendering differences and 'on' and 'off' allowances as well as spot rates for basic cotton on the basis of the rate ruling in the Bombay Spot Market.

APPENDIX 5.

REIMPOSITION OF CONTROL ON COTTON PRICES.

Notification No. TCS-I/48, dated 1st September 1948, issued by the Textile Commissioner, Government of India, Ministry of Industry and Supply.

General Permission under the Indian Cotton (Control) Order, 1945 (incorporating amendments in Notification dated 21st December 1948)

In pursuance of Clause 5 of the Indian Cotton (Control) Order 1945 and in supersession of the notification of the Textile Commissioner No. 214-T.A./45 (ii), dated the 19th January 1946, I hereby declare that subject to the provisions of paragraph 2 below of this Permission the following contracts relating to the cotton of the year 1948-49 or earlier seasons shall be excluded from the provisions of the said order, namely :—

- (i) Ready Contracts.
- (ii) Delivery Contracts : that is to say Forward Contracts for *kapas* or cotton (full-pressed, half-pressed or loose) of specific qualities or types and for specific delivery at a specified price, delivery orders, railway receipts or bills of lading against which contracts are not transferable to third parties.
- (iii) Hedge Contracts : that is to say Forward Contracts entered into by members of the East India Cotton Association Limited entitled to the use of the Clearing House of the Association where such contracts are made in accordance with the rules and by-laws of the Association in the official markets of the Association.

2. (1) Nothing in this Permission shall apply in relation to any contract for the sale or purchase of any cotton of the description specified in columns 1 and 2 of the Schedule hereto annexed wherein the price stipulated is less than the floor price specified in column 3 of the Schedule or more than the ceiling price specified in Column 4 of the Schedule, as applicable to the subject-matter of the contract having regard to the place of delivery :

Provided that where the cotton, the subject-matter of the contract, is of a quality either inferior or superior to the basic quality referred to in columns 1 and 2 of the Schedule, the floor or the ceiling price shall be decreased or increased as the case may be by an amount specified in columns 5 to 7 of the Schedule.

(2) Every contract in which the final price is not named shall be read as if the following clause were inserted therein : " The price payable shall be within the range of the floor and ceiling prices under the Schedule to the Textile Commissioner's General Permission No. TCS-I/48, dated the 1st September 1948."

(3) Nothing in this Permission shall apply in relation to any contract of sale by a cotton textile mill.

3. (1) The prices specified in the schedule are in rupees per candy of 784 lbs. net for delivery in full-pressed bales ex-seller's godown, Bombay, and include $\frac{1}{2}$ per cent. brokerage payable by the seller to the buyer and the usual sample and stone allowances.

(2) The floor and ceiling prices shall be the floor and ceiling prices specified in the Schedule reduced by the sum equivalent to the railway freight from the place of origin to Bombay and Rs. 10 per candy and increased by the sum, if any, equivalent to the railway freight from the place of origin to the place of delivery to the buyer and Rs. 10 per candy.

Explanation.—Place of origin means the railway station nearest the press factory where the cotton was pressed.

(3) Where any contract is made with reference to a standard of weight other than the candy of 784 lbs., the ceiling and floor prices applicable thereto under sub-paragraph (2) above shall be as increased or reduced, as the case may be, in proportion.

4. For the purposes of this Permission,

(a) "Jarilla" means cotton from any place in the district of Nasik or of East and West Khandesh in the Province of Bombay, Central Province and Berar, Central India, or any of the States of Hyderabad, Gwalior, Jhalawar, Pratabgarh and Sironj or in Chhabra or Pirawa Parganas of Tonk State; and includes "Verum", "Cambodia", "Buri", "Farm", "Upland", "Gaorani", "Parbhani Seed" and "American Seed."

(b) "Broach" means cotton from any place in the district of Kaira or Broach or Panch Mahals (excluding Ankleshwar Taluka) in the Province of Bombay or in any of the States of Balasinor, Baria, Cambay, Chhota Udepur, Lunawada, Jambughoda, Kadan Mandwa and Vajiria, Bhaderwa, Baroda District of Baroda State and Talod; and includes "Farm", "Vijay", "B.D. 8", "B. 9" and "1027."

(c) "Surti" means cotton from any place in the Ankleshwar Taluka of the Broach District, or in the Surat District of the Province of Bombay or the Nawapur Taluka of the West Khandesh District or in any of the States of Rajpipla, Sachin, Baneda or Dharampur or in the Navsari District of the Baroda State.

(d) "R. G. American descriptions" means cotton from any place in the East Punjab Province, or in any of the States of Faridkot, Jind, Malerkotla, Nabha, or Patiala.

(e) "Dhollera" means cotton other than Kalagin and Muttia from any place in Kathiawar, or in any State of the former Western India States, or in the district of Ahmedabad in the Bombay Province, or in Mehsana or Anreli Districts of Baroda State or in Cambay State or Vaktapur Taluka of the former Gujrat States or Petlad; and includes "1027" "Kadi/Viramgaon", "Kadaya" and "Vagad".

(f) "Kalagin" means cotton from any place in Kathiawar.

(g) "Bengal Deshi" means cotton other than Dhollera and Muttia from any place in the East Punjab or the United Provinces, Rajputana or any Indian State in any of these areas.

(h) "Oomra Deshi" means cotton from any place in Berar and C.P., Khandesh Districts in the Bombay Province, Central India, or from Burhanpur, Barwaha, Harda, Khandwa, Sanavad, and includes cotton known as "Muttia in Kathiawar."

(i) "Coompta" means cotton from any place in any of the districts of Dharwar, Belgaum, Bijapur or Satara in the Bombay Province or in any of the States of Jath, Aundh, Phaltan, Kolhapur, Sangli, Miraj Senior, Miraj Junior, Kurundwad Senior, Kurundwad Junior, Savannur, Jamkhandi, Mudhol, Ramdurg, Mysore (excluding the districts of Mysore and Bangalore) or from the Raichur Protected Area in Raichur District of Hyderabad State; and includes "Farm", "Jawari", and "Jaywant".

(j) "Upland" means cotton from any place as given above for Coompta; and includes "Farm".

(k) "Westerns" means cotton from any place in Bellary, Anantpur, and Cuddapah districts, or in Pattkonda Taluka or Kurnool District of Madras Province or Raichur District (excluding Raichur Protected area) or Gulbarga District in the Hyderabad State; and includes "Farm", "Bagalkot" and "Jaywant".

(l) "Cambodia" means cotton from any place in any of the districts of North Arcot, South Arcot, Coimbatore, Salem, Trichinopoly (including Pudukotai State), Madura, Ramanad, Tinnevely, Chittoor and Chingleput in the Madras Province, and includes "Farm" and "Avanashi".

(m) "Karungannu" means cotton from any place in any of the districts of Coimbatore, Madura, Ramanad and Tinnevely in the Madras Province; and includes "Tinnevely".

(n) "C.P. I, C.P. II and Central India" means cotton from Central Provinces (excluding Nimar and Hoshangabad districts); Yeotmal District; Morsi (Chief Centre Warud) and Chandur (Chief Centre Dhamangaon) talukas of Amraoti District of Berar; Central India (except Bundelkhand States and Rewa State); Jhalawar, Mewar and Partabgarh States and Sironj, Chhabra and Pirawa Parganas of Tonk State of Rajputana and includes Malvi.

SCHEDULE

Description of cotton	Basic staple length in inches	Basic floor price Rs per candy	Basic selling price Rs per candy	"On" allowances for class other than basic class						"On" allowances for staple below basic staple		"On" allowances for staple above the basic staple			
				Good F	Good	Fine	S Fine	Extra S Fine	Choice	2/32"	1/32"	1/32"	2/32"	3/32"	4/32"
1	2	3	4	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
Guilla	25/32"	495	620		5	Basic	5	15	25	35	20	20	40	60	
Broch		475	600		5	Basic	5	10	15	35	20	20	40	60	80
Day B D B B U 1027 Broach Farm	4"	525	650		5	Basic	5	10	15	35	20	20	40	60	80
Surat	7"	590	715		5	Basic	5	10	15	30	15	20	40	60	80
4PP/Am RG	1"	525	650			Basic	5	10	15	35	20	20	40	60	80
LSS P/Am RG	13/16"	565	690			Basic	5	10	15	35	20	20	40	60	80
289 F P/Am R.	1"	635	760			Basic	5	10	15	35	20	20	40	60	80
Coompta	1"	575	700		5	Basic	5	10	15	35	20	15	35	50	65
Ujiana	13/16"	525	650		5	Basic	5	10	15	35	20	20	40	60	80
Westerns	13/16"	500	650		5	Basic	5	10	15	35	20	15	35	50	65
Cambodia	1"	595	720		5	Basic	5	15	25	50	25	40	60	80	100
Karungannu	13/16"	525	650		5	Basic	5	10	15	35	20	20	40	60	80
Dholera	1"		570		5	Basic	5	10	15	35	20	20	40	60	80
Kalagin	1"		570		5	Basic	5	10	15	30	15	20	35	50	65
Bengal Desh			445	20		Basic	20	40	60						
Omra Desh			495			Basic	20	40	60						
C.P. I and C.P. II and Central India	1"		495		5	Basic	5	15	25		20	25	45	65	

APPENDIX 6.

IMPORT DUTY ON COTTON IMPORTED FROM PAKISTAN.

Copy of letter No. 273, dated 15th April 1948, from the Association to the Secretary to the Government of India, Ministry of Commerce, New Delhi.

I am directed by the Committee of the Millowners' Association to draw your attention to the Indo-Pakistan Cloth-Cotton Exchange Agreement which was announced in the Press some time ago. This agreement which, it is understood, will hold good upto the end of August 1948, proposes to make available to India 20 bales of cotton from Pakistan for every 12 bales of cloth exported from the Indian Union. Government have, it is understood, agreed

to make an *ad hoc* allotment of 25,000 bales of cloth to Pakistan against cotton already received in the Indian Dominion. The agreement, it transpires, originally stipulated that the Pakistan Government would be charging a sum of Rs. 60 per bale on cotton exported to India and that India would be charging an import duty of annas 2 per pound at the same time, India will be free to charge an *ad valorem* duty of 25 per cent. on cloth exported from her territory. In other words, cotton exported from Pakistan and brought into the Indian Union would, according to agreement, be paying an export duty equivalent to Rs. 120 per candy in Pakistan, and was to have borne import duty equivalent to Rs. 100 per candy in the Indian Union. Assuming that the price of cotton in Pakistan were Rs. 700 per candy, an importing mill in British India would be paying a duty of Rs. 120 in Pakistan and was to have paid about Rs. 100 as import duty in the Indian Union, making a total of Rs. 220 by way of duty alone, bringing the landed price of cotton to the Indian Union to Rs. 920 as against Rs. 700 in Pakistan. Such a rise in price in the landed cost of Pakistan cotton in the Indian Union would directly result in a corresponding increase in the price of cloth manufactured in the Indian Union from Pakistan cotton, and would be also indirectly responsible for a sympathetic rise in the prices of cloth manufactured from other cottons, to the detriment of the consumers both in India and Pakistan.

2. It is estimated that the increased cost arising from the duty on cotton and cloth (Rs. 120 per candy duty in Pakistan, Rs. 100 per candy duty in the Indian Union on cotton and 25 per cent. duty *ad valorem* on cloth exported from the Indian Union) would work out about 14½ annas per lb., which, bearing in mind the close proximity of Pakistan to the Indian Union, seems to be extremely heavy imposition on the consumer in Pakistan.

3. It has since been reported to my Committee that the Government of India have removed the import duty on raw cotton from Pakistan. This, to an extent, lessens the burden placed on the manufacturers in the Indian Union, and from this point of view, is a desirable move on the part of our Government, which may induce some flow of cotton from Pakistan into India.

It is, however, understood that the Government of Pakistan is prepared to waive the export duty at present levied on cotton in Pakistan, provided the Government of India on their part would agree to waive the 25 per cent. duty on cloth which is levied on exports from the Indian Union to Pakistan. My Committee consider that Government should agree to waive the duty on cloth exported to Pakistan with a view to secure a freer flow of Pakistan cotton into India.

4. The Indian Union has been drawing in the last few years, about a million bales of staple cotton from Pakistan. It is true that the Indian Central Cotton Committee are endeavouring to increase the production of staple cotton in the Union, but results are not likely to accrue for some considerable time, and in any event, priority has to be given to food crops so that, for some years at least, India must continue, bearing in mind the currency and exchange complications which may set in in dealing with other sources of supplies, to receive a steady flow of supplies of staple cotton from Pakistan. In other words, it is in the interest of the Indian industry that it should have a hold on Pakistan staple cotton and also have a market in Pakistan for her finished goods. My Committee, therefore, submit that, taking everything into consideration, the Government of India should offer to waive the duty on cotton cloth exported from the Indian Union to Pakistan, if the Government of the latter would agree to waive the export duty imposed by it on cotton sent to the Union.

COTTON IMPORTS FROM PAKISTAN : EXEMPTION FROM DUTY.

A *communiqué* issued by the Ministry of Industry and Supply on 20th April 1948 says : "Pakistan having been declared a foreign territory with effect from March 1, 1948, imports of cotton from Pakistan have to bear the Indian import duty of two annas a pound.

"Since this duty will raise the price of imported Pakistan cotton and have effect of inflating the price of Indian cotton and consequently of cotton textiles, the Government of India have decided that cotton grown in Pakistan and imported therefrom into India till August 31, 1948, should be exempt from the Indian import duty."

Copy of letter No. 105/6-TeX. I/48, dated 1st May 1948, from the Assistant Secretary to the Government of India, Ministry of Industry and Supply, New Delhi, to the Association.

With reference to your letter No. 273, dated 15th April 1948 regarding the question of waiving of duty on cotton cloth exported from the Indian Union to Pakistan in lieu of Pakistan waiving export duty on cotton sent to the Indian Union, I am directed to state that the question is being considered as part of the proposed Trade Agreement which will shortly be negotiated

APPENDIX 7.

INDO-PAKISTAN AGREEMENT FOR MUTUAL SUPPLY OF ESSENTIAL COMMODITIES.

An Agreement between India and Pakistan for the mutual supply of certain essential commodities was signed in Karachi on 26th May by Mr. C. C. Desai, for the Government of India, and Mr. Mohd. Ali, for the Government of Pakistan. This Agreement has since been approved by both Governments.

The following is the text of the Agreement :

The representatives of the Government of India and the Government of Pakistan having considered the requirements of essential commodities which each Dominion needs from the other have, subject to ratification by their respective Governments, agreed as hereunder.

1. The quantities of each commodity which each Dominion undertakes to make available to the other are stated in Annexures I and II. The annexures also indicate the demands made by each Dominion in respect of each commodity and special features, if any.

2. Apart from the commodities listed in the annexures I and II, it was agreed to show the maximum consideration in facilitating the export of goods from one Dominion to the other. It was agreed that imported goods which had been shipped and paid for in either Dominion before the 31st of December 1947 out of the undivided exchange account will be allowed to be re-exported to the other Dominion, wherever it is established that the goods were originally intended for consumption in that Dominion.

3. The period of the agreement will be one year from 1st July 1948 to the 30th June of 1949, except as regards

- (a) raw cotton and cotton textiles, for which the agreement shall cover the period from 1st September 1948 to 31st August 1949 ; and
- (b) foodgrains, for which the agreement will be for the period 1st June 1948 to 31st August 1949.

4. With such exceptions as may be mutually agreed upon, supplies will ordinarily be made through commercial channels. Commodities which are not subject to any control either internally or for export, present no problems. In the case of commodities which are not subject to internal control but are subject to export control, the supplying Dominion shall issue necessary export licences in such a manner that the export of the agreed quantities will be facilitated. In respect of commodities which are subject to internal as well as export control, the supplying Dominion shall either supply on a Government-to-Government basis or make specific allocations in conformity with their internal control, as well as issue export licences.

5. In regard to raw jute, India agrees to restrict her exports of raw jute from the Indian Dominion to 9 lakhs of bales predominantly of the Indian varieties, the bulk of which is not suitable for use in Indian mills and is usually exported.

6. It is agreed that neither Dominion will re-export to any country, any commodity imported from the other Dominion in the form in which it was imported

7. Pakistan agrees to supply foodgrains to India at the same rate as is charged for supplies to its own deficit Provinces. India agrees to supply steel f.o.b. Calcutta at f.o.b. Calcutta prices. The freight will be borne by the buyers. India also agrees that the internal controlled price of coal and paper will continue to be charged for sales to Pakistan also. Supplies of coal to the Government of Pakistan will be paid for out of irrevocable credits to be opened by the Pakistan Government. Other supplies of coal to Pakistan will be made on pre-payment by the purchasers in the usual manner. The prices indicated are exclusive of any export or import duties that may be levied by either Dominion.

8. It was agreed that subject to seasonal considerations, each Dominion should spread its purchases as uniformly and conveniently as possible

9. In order to implement the Agreement in a smooth and orderly way, it was agreed that monthly progress reports should be exchanged between the two Dominions, and that meetings between representatives of the two Dominions should be held every other month for this purpose

10. During the currency of this Agreement, items may be added to or taken away from the lists of commodities included in the annexures, by mutual agreement between the two Dominions

ANNEXURE No. 1.

Requirements of Pakistan.

1. *Coal*—(a) 3,400,000 tons ; (b) 183,000 tons per month (including as far as possible 500 tons of hard coke) (c) 160,000 tons per month are firm. As for the balance of 23,000 tons, India will make every effort to move this quantity, subject to adequate transport being available, and will also invite the co-operation of Pakistan in this matter.

2. *Cloth and Yarn*—(a) 400,000 bales ; (b) 400,000 bales ; (c) one-fourth of this total quantity would be in the form of yarn.

3. *Steel, pig-iron and scrap*—(a) 313,720 tons ; (b) 15,000 tons per quarter plus 1,000 tons per quarter of corrugated iron sheets plus 4,000 tons of pig-iron per quarter.

4. *Paper and board*—(a) 20,780 tons ; (b) 6,000 tons of paper and 1,500 tons of board.

5. *Chemicals and Pharmaceuticals*—Sulphuric acid (a) 2,000 tons ; (c) Will be examined in Delhi. Aluminium sulphate (a) 2,000 tons ; (c) will be examined in Delhi. Hydrochloric acid (a) 270 tons ; (b) 270 tons. Nitric acid (a) 200 tons ; (b) 200 tons. Magnesium sulphate (a) 800 tons ; (b) 800 tons. Ferrous sulphate (a) 400 tons ; (c) will be examined in Delhi.

6. *Copper wire* : (a) 1,000 tons.

7. *Asbestos cement sheets*—(a) 5,000,000 sq. ft. (5,000 tons) ; (b) 2,500 tons ; (c) As regards the balance, India will explore possibility of supplying Mangalore tiles instead.

8. *Paints, enamels and varnishes*—(a) 2,500 tons ; (b) 2,500 tons ; (c) Detailed breakdown not yet furnished. While the overall quantity could be supplied, certain quantities may not be available and substitutes would be suggested.

9. *Railway stores*—(a) 39.3 lakh rupees. (c) Supplies may be available but details will be considered in Delhi.

10. *Tyres and tubes*—(a) 1,30,000 nos. ; (c) it should be possible to supply most of these requirements but detailed breakdown according to tyre size and quality required. Matter will have to be examined.

11. *Leather and footwear*—Upper leather (a) 60,00,000 sq. ft., sole leather (a) 75,00,000 lbs.; lining leather (a) 400,000 lbs.; leather shoes (a) 600,000 nos., canvas for 300,000 shoes, (c) it should be possible to meet this demand in full, provided adequate quantities of hides are available.

12. *Hardwood*—(a) 500,000 c ft (10,000 tons); (c) India offered to supply instead, 10,000 tons of Malabar jungle wood of which samples would be furnished to Pakistan.

13. *Jute manufactures*—(a) 50,000 tons; (b) 50,000 tons.

14. *Myrabollams*—(a) 2,000 tons; (b) 2,000 tons

15. *Woollen and worsted goods*—(a) 11,00,000 lbs., (b) 11,00,000 lbs

16. *Mustard oil*—(a) 50,000 tons; (b) 20,000 tons.

17. *Groundnut oil*—(a) 30,000 tons; (b) 5,000 tons.

18. *Copra oil*—(a) 6,000 tons.

19. *Seed potatoes*—(c) Export would be allowed of local surpluses in both Dominions.

20. *Soap, Toilet*—(a) 2,000 tons; (b) 2,000 tons.

21. *Tobacco (flue-cured)*—(a) 7,00,000 lbs.; (b) 7,00,000 lbs.

22. *Tra Chests*—(a) 300,000 pieces; (c) The demand was put forward only in Karachi for the first time. Stated to be urgently required for the tea industry in East Bengal. Will be considered in Delhi.

(a) Pakistan's stated annual requirements.

(b) Quantity agreed to, by India.

(c) Remarks.

ANNEXURE No. II

Requirements of India.

1. *Raw jute*—(x) 1,000,000 tons or 5,500,000 bales; (y) 5,000,000 bales.

2. *Raw cotton*—(x) 900,000 bales; (y) 650,000 bales, (z) The proportion of medium and long-staple cotton to be decided later.

3. *Foodgrains*: (a) Rice—(x) 100,000 tons; (y) 175,000 tons.

(b) Wheat—(x) 200,000 tons; (y) 175,000 tons; (z) Pakistan agrees to supply 175,000 tons of foodgrains (mainly rice) unless there is a serious failure of crop, i.e., to say, if the rice crop is 4 annas or more below the average of past five years. Pakistan further agrees to do its best to improve upon this quantity.

4. *Gypsum*—(x) 1,000 tons per day; (y) Rising to 1,000 tons per day under a programme to be mutually agreed upon.

5. *Rosin*—(x) 4,000 tons; (y) nil.

6. *Raw hides and skins*: (a) Cow hides—(x) 2,000,000 pcs.; (y) 1,000,000 pcs.

(b) Buff hides—(x) 500,000 pcs.; (y) 200,000 pcs.

(c) Skins—(x) 1,500,000 pcs.; (y) 1,500,000 pcs.

7. *Rock salt*.—(x) 2,000,000 mds. ; (y) 2,000,000 mds

8. *Soda ash*.—(x) 10,000 tons ; (z) Factory is at present closed but is expected to get into normal production by end of 1948. It is hoped to meet India's demand in 1949.

9. *Potassium nitrate*.—(x) 5,000 tons ; (y) 5,000 tons.

10. *Cattle*.—(x) 1,050 heads ; (y) 550 heads.

(x) = India's stated annual requirements (y) Quantity agreed to, by Pakistan (z) Remarks

Text of Agreement.

The following is the text of the Agreement reached in Karachi on 20th October 1948 between representatives of the Governments of India and Pakistan and since ratified by both Governments :

In order to facilitate proper fulfilment of the Agreement entered into between the two Dominions at Karachi in May 1948, the Delegations of the two Dominions have, after full discussion, agreed, subject to ratification by the respective Governments, on the following clarifications and arrangements.

Cotton.—The Indian Delegation stated that the fixation of monthly quotas for the supply of cotton with a lapsing clause was not acceptable and should be reviewed. The representatives of the Pakistan Government agreed to fix an export quota of 360,000 bales for India for the period ending 31st January, 1949, provided that if Indian purchases during the period fell below 325,000 bales such shortfall will be liable to lapse. The Pakistan Government representatives agreed that export quotas to other countries and purchases by them and for internal consumption in Pakistan will not together exceed 360,000 bales during the same period. Pakistan representatives further agreed that consideration of fixation of quotas on a monthly or quarterly basis for subsequent periods be postponed and examined in due course by prior consultation in the light of working of this arrangement as a whole.

Foodgrains.—At the concern expressed by the Government of India at the inability of Pakistan to supply foodgrains as a result of unexpected floods during the current crop season, the representatives of Pakistan assured the Indian Delegation that they were most anxious to implement the Agreement and that they would make their best endeavours to supply the stipulated quantity of foodgrains from their next *rabi* crop.

Coal.—Pakistan's representatives emphasised their inability to move cotton without supply of coal from India. They stated that hitherto they have not received the full quantity which India had promised to supply. At the same time, Pakistan appreciated the difficulties which India had to encounter in supplying the full quantity of coal. The Indian Delegation assured the representatives of Pakistan that realising the importance of coal to Pakistan, they would take steps to ensure that full quantity of coal is supplied every month.

Other commodities.—The representatives of Pakistan stated that nothing had been received from India against the quotas of steel, asbestos cement sheets, sulphuric acid, tyres and tubes, etc.

The Indian Delegation reiterated that they have every intention of fulfilling the terms of the Agreement. In this connection the Indian Delegation agreed that steel would be supplied on f.o.b. Calcutta basis as contemplated in the Inter-Dominion Agreement.

Jute.—Both parties agreed that there was no occasion to change the existing policy in regard to export of jute to India. It was further agreed that, should circumstances otherwise warrant, India will be consulted before any change is effected. At any rate, no change will be effected till the 31st December 1948.

Cloth—The Indian Delegation agreed that they would make arrangements which would enable Pakistan to obtain regular supplies of cloth to Pakistan from India. The exact details of the arrangement will be settled at an early date by mutual consultation.

General—Both Governments recognise that the Agreement must be regarded as a whole and implemented in full; and for this purpose the arrangements for the export of commodities concerned must be devised in such a manner as to satisfy both Governments that the goods would move in accordance with the terms and intentions of the Agreement.

Copy of Circular No. 11(34)-I.T.C.(C)/48, dated 28th October 1948, from the Deputy Chief Controller of Imports, New Customs House, Bombay, to all Textile Mills in India

I am directed to say that under an agreement concluded in May last between the Governments of India and Pakistan for the mutual supply of certain essential commodities, the latter Government have undertaken to make available to this country a quantity of 6.5 lakhs bales (of 400 lbs each) of Pakistan cottons during the year ending the 31st August 1949 in the following grades, namely :—

289-F
N.T.

L.S.S.
4F.

2. As you are aware, the Government of Pakistan announced last month their cotton export policy for the current year according to which exports to this country were brought under a system of monthly lapsing quotas. As a result of further discussions, however, Pakistan has since agreed to modify this policy to a certain extent. Under the revised policy the period of quotas has been extended to three months, the first period expiring on the 31st January 1949. For this period India's quota has been fixed at 3.6 lakhs bales. There is also a stipulation that in the event of our failure to purchase a minimum of 3.25 lakhs bales by the 31st January 1949, the shortfall will be liable to lapse.

3. With a view to ensuring that the fullest use is made of our entire quota of 3.6 lakhs bales and also to safeguard against any possible lapsing of our quotas, it has been decided that very early steps should be taken to allocate the entire quota of 3.6 lakhs bales amongst the mills which are interested in this cotton in accordance with their stated requirements.

4. I am accordingly to request you to be good enough to indicate to this office in writing—

(i) the actual consumption per annum by your mill of Pakistan cotton, *under each grade*, during the last three cotton years ending the 31st August 1947;

(ii) your actual minimum mill requirements of this cotton, *under each grade*, for the cotton year 1948-49.

Note : If these requirements exceed the level of your consumption as stated under (i) above please give full justification for the increased demand.

(iii) whether you are prepared to furnish a guarantee in writing to the effect that you would take up in full the allocations made by this office and make your own arrangements for the purchase of the entire quantity from Pakistan within five weeks of the date of issue of the allocation, or the 10th January, 1949, whichever is earlier, provided that such allocations do not exceed your stated requirements.

If the answer to (iii) above is in the affirmative, the statement of your requirements under item (ii) should be accompanied by an undertaking executed on one-rupee stamp paper in the following terms, namely :—

" We hereby agree that notwithstanding any fluctuation in prices that may take place hereafter, or any other cause, matter or thing, we will accept any allotment of Pakistan cotton 1948-49 crop that may be made by you, up to the quantities specified

above, under each grade and also make our own arrangements for the purchase of the full quantity allotted within five weeks of the issue of the allotments letter or by the 10th January 1949, whichever is earlier. We realise that failure to take up the allocation and to purchase the allotted quantity by the date stipulated will render the quota liable to forfeiture. It is understood that you are not under an obligation to make any allotment."

(iv) whether you are in a position to accept any quantity of Pakistan cottons over and above what you have indicated in reply to (ii) above and if so, the quantity thereof in each grade, and

(v) whether you will be in a position to make necessary arrangements for the purchase of this extra quantity of cotton by the 10th January 1949.

I am to add that the names of the Millowners' Association, of which you are a member, may please be intimated to this Ministry

5 As the Pakistan cotton crop will begin moving shortly, I am to request that your reply should be sent so as to reach this office *by the 10th November 1948 at the latest*. Failure to furnish a reply by that date might result in the non-allotment of quotas.

6 I am to add that a statement of your weekly purchases may please be submitted to this office promptly. The first statement should cover the purchases made up to the 31st October 1948 and reach this office by the 3rd November 1948; the second statement should cover the purchases made during the week ending 7th November and reach this office by the 10th November and so on

Copy of circular No 11(34)-ITC(C)/48, dated 28th October 1948, from the Deputy Chief Controller of Imports, New Customs House, Bombay, to all Millowners' Associations

I am directed to forward herewith copy of a self-explanatory circular letter on the above subject which has been issued to all mills consuming Pakistan cotton and to say that the Government of India will be grateful if your Association will be so good as to use their good offices with their member mills to ensure that the returns asked for in paragraphs 4 and 6 of the circular letter are submitted to this office by the dates prescribed.

2. A suggestion has been made that a better course for safeguarding against any lapses of quotas and for the elimination of all competitive buyings by Indian mills thereby pushing up prices of raw cotton in Pakistan markets would be to issue lump allocations to the Millowners' Associations concerned on behalf of their member mills on the basis of the returns which will be submitted by the several mills in reply to the enclosed letter. The Associations could then make necessary arrangements for the purchases of Pakistan cotton on behalf of their members and also distribute the quantities so purchased to such mills. I am to request that your views on the subject may kindly be intimated to this office at a very early date. A copy of your letter may also please be sent direct to the Secretary to the Government of India, Ministry of Commerce, New Delhi

Copy of letter No. 273-A, dated 11th November 1948, from the Association to the Deputy Chief Controller of Imports, Bombay.

Would you please refer to your letter No 11(34)-ITC.(C)/48, dated the 28th October 1948, wherein you requested individual mills to furnish you with certain information relating to their requirements of Pakistan cotton for the cotton year 1948-49.

This information was required to be sent in on or before the 10th instant. There are, however, several issues arising from the use of Pakistan cotton in respect of which your circular is not clear. Certain discussions have already taken place between one or two representatives of the industry and Mr. C. C. Desai, when he recently visited Bombay, and as a result, the following telegram has been sent to Government:

"Mills hesitate to make purchases of Pakistan cotton or furnish returns showing minimum requirements to Deputy Chief Controller of Imports stop Please confirm

that full prices paid to Pakistan cotton will be taken into calculation when fixing cloth and yarn prices."

The telegram is self-explanatory, and you will appreciate that it will not be possible for the mills to commit themselves in the matter of their requirements of Pakistan cotton unless Government's price policy is clear. In this view of the case, I am desirous to submit that mills may be permitted to send their returns on receipt of a reply to the Association's telegram. Mills which have already sent in the returns might be given an opportunity of amending them in the light of Government's reply to the Association's telegram.

Copy of letter No. S8/50-48 ITC-CN, dated 15th November 1948, from the Deputy Chief Controller of Imports, Government of India, Ministry of Commerce, to the Association.

In continuation of this office letter of even No. dated the 13th November 1948, you are informed that the Government of India agree that where Pakistan cotton is exclusively used market price during the basic period will be adopted for fixing cloth prices. Where both Pakistan and Indian cottons are used price of Pakistan cotton will be allowed for on the same basis subject to a weightage for cheaper Indian cotton. Please request your mill members to submit definitely their requirements to reach before 18th instant failing which no Pakistan cotton will be made available.

APPENDIX 8.

LABOUR MATTERS.

BOMBAY WAGE BOARD RULES

Copy of letter No. 78-A, dated 15th December 1948, from the Association to the Director of Labour Administration, Bombay

With reference to the Labour Department notification No. 1237/46, dated the 13th November 1948, regarding Bombay Wage Board Rules, 1948 and letter No. 1237/46-29721-A, dated the 9th December 1948, from the Secretary to the Government of Bombay, Labour Department, I am directed by the Committee to convey to you the views of the Association in the matter as follows :—

Rule 4.—By virtue of sub-section (1) of section 86-C, industrial matters or industrial disputes regarding items numbered 1, 2, 4, 9 and 10 in Schedule II can be referred for decision of the Wage Board. The subject of leave with or without pay falls outside the scope of Schedule II, and is covered by item 6 of Schedule I. In view of this, it is suggested that the rule should be deleted.

Rule 15.—This rule stipulates that all questions arising for any decision shall be decided by a majority vote of the members present. As it would be necessary to put only those questions on which there is marked difference of opinion among the members to vote, the right to put any question to vote should be conferred upon the Chairman of the Wage Board to be utilised at his discretion.

Rule 19.—This rule empowers the Chairman and members of the Wage Board to visit and inspect building, machinery, etc. The right of the Chairman and members to visit and inspect should be confined only to that factory, building or workshop wherein the dispute has arisen. It is, therefore, suggested that the words "connected with the industrial matter or dispute" should be inserted between the words "or premises whatsoever" and the words "and inspect the same."

Notification No. 1237/46, dated 17th January 1949, issued by the Labour Department, Bombay.

In exercise of the powers conferred by section 123 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), the Government of Bombay is pleased to make the following rules, namely,—

1. These rules may be called the Bombay Wage Board Rules, 1948.
2. In these rules, unless there is anything repugnant in the subject or context—
 - (i) "Act" means the Bombay Industrial Relations Act, 1946.
 - (ii) "Chairman" means a Chairman of a Wage Board;
 - (iii) "Chamber meeting" means a meeting of a Wage Board held in Chambers for arriving at a decision on an industrial matter or industrial disputes referred to it;
 - (iv) "Member" means a Member of a Wage Board;
 - (v) "Secretary" means a Secretary of a Wage Board;
 - (vi) "Section" means a Section of the Act
 - (vii) "Sitting" means a sitting of a Wage Board held for the purpose of conducting enquiry into and for hearing any industrial matter or industrial dispute referred to it;
 - (viii) "Statement of claim" means a statement filed by or on behalf of a party on whose claim a reference arises.
 - (ix) "Written statement" means a statement filed by an opponent in reply to a statement of claim.
3. A Wage Board shall have an official seal in the form of a circular rubber stamp one and a half inches in diameter.
4. Subject to the provisions of section 86-C, the Provincial Government may by an order notified in the official Gazette refer to a Wage Board for decision any industrial matter or dispute relating to leave with or without pay.
5. The sittings or Chamber meetings of a Wage Board shall be held at such time and place as the Chairman may fix.
6. On receipt of a reference from the Provincial Government the Secretary shall issue notices to the parties concerned to appear for a preliminary hearing at a sitting of the Wage Board.
 - (2) At such hearing the Wage Board shall give directions to the parties for the preparation and filing of the required number of copies of statement of claim, written statement or such other statistical statements as may be deemed necessary and fix dates for submission of such statements and for the next hearing.
 - (3) The Wage Board may direct that the parties shall exchange among themselves copies of the statements filed by them.
7. At all sittings and Chamber meetings all the members of a Wage Board shall remain present but proceedings shall not be invalidated on account of the absence of any member or members if the Chairman is satisfied that for good and sufficient reasons such member or members could not remain present: provided, however, that no sittings or Chamber meetings shall be held in the absence of the Chairman or the entire group of members representing employers or employees.

8. Any vacancy in a Wage Board shall be filled by the Provincial Government in accordance with the provisions of section 86-B and the name of the person appointed to such vacancy shall be notified in the official *Gazette*

9. Subject to the provisions of section 33, in any proceedings before a Wage Board parties may appear by duly authorised legal practitioner or by an officer of the union which has a right to represent the party under section 30 or by the Government Labour Officer of the local area concerned or an officer of an employers' association, as the case may be.

10. If, without good cause shown, any party to the proceedings before a Wage Board fails to attend or to be represented at the proceedings, the Wage Board may proceed as if the party had duly attended or had been duly represented

11. When in any matter it appears necessary that Government should be represented and heard on any point arising therein, the Wage Board shall give intimation of the matter to the Secretary to Government in the Labour Department.

12. The proceedings before a Wage Board shall be held in public: provided that the Wage Board may at any stage direct that any witnesses shall be examined or the proceedings shall be held *in camera*

13. (1) A Wage Board may for the purpose of any reference made to it form a Committee or Committees for a local area or areas from among its members and may co-opt on such Committee or Committees such other person or persons, representing employers and employees from such local area or areas as it deems necessary: provided that the number of persons representing employees and employers respectively on the Committee shall be equal

(2) A Committee so formed shall make such enquiry as may be directed by the Wage Board and submit its report to the Wage Board

14. On receipt of a report under sub-rule (2) of rule 13, the Wage Board shall after holding further hearing, if necessary, decide the matter

15. All questions arising for any decision at any meeting of a Wage Board shall be decided by the majority vote of the members present (including the Chairman). In the event of an equality of votes the Chairman shall also have a second or casting vote

16. Every order or decision of a Wage Board shall be signed by all the members of the Wage Board concerned and shall bear the official seal.

17. (1) A Wage Board shall, save in cases falling under section 68-F, forward copies of any order or decision made by it to the parties concerned, the Commissioner of Labour, the Registrar and the Industrial Court

(2) On receipt of a copy of such order or decision, the Registrar shall enter it in the register kept for the purpose and shall publish it in the official *Gazette*.

18. A Wage Board may correct any clerical mistake or error arising from an accidental slip or omission in any order or decision made by it.

19. The Chairman and members of a Wage Board or any other person authorised in writing by the Chairman in this behalf may at any time during the pendency of any industrial matter or dispute before the Wage Board enter any building, factory, workshop or other place or premises whatsoever and inspect the same or any work, machinery, appliance, or articles therein or interrogate any person therein in respect of anything situated therein or any matter relating to the said industrial matter or dispute.

20. Minutes of the proceedings at the sittings and Chamber meetings shall be maintained by the Wage Board and shall form part of the record of the proceedings.

APPENDIX 9.

GRADES OF PAY AND CONDITIONS OF SERVICE OF THE TECHNICAL AND SUPERVISORY STAFF.

Consolidated recommendations regarding grades, conditions of service, etc., of the Technical and Supervisory Staff in member mills of the Millowners' Association, Bombay, in the City and Island of Bombay inclusive of amendments, circulated to members with circular No. 144-B, dated 25th August 1948.

I. Introductory.—The recommendations made herein are not intended to be in the nature of a "standard." They are merely indications showing the grades, salaries, etc., below which no member shall be allowed to go in the appropriate group

II. Classification of Technical and Supervisory Staff.—The Technical and Supervisory Staffs should be divided into the following broad heads :—

- | | |
|-------------------------------|------------------------------|
| (a) Masters, | (d) Departmental Assistants, |
| (b) Senior Assistant Masters, | (e) Apprentices |
| (c) Assistant Masters, | |

III Grades of Technical and Supervisory Staff.—(1) No recommendations are made in regard to Masters, and apprentices except as provided in clause III (3) below.

(2) As regards Senior Assistant Masters, Assistant Masters and Departmental Assistants, the following recommendations are made

- (a) For Senior Assistant Masters, the grade is fixed at Rs 360-20-400-25-450.
- (b) For Assistant Masters, the grade is fixed at Rs. 280-20-340.
- (c) Departmental Assistants should be divided into the following broad groups with grades indicated in each case :

- (i) For those who have practical experience, but no technical qualifications, and are appointed to any supervisory or overseer's post on account of practical experience and whose educational qualification is below graduation, the following grades have been fixed :

Ordinary grade	Rs. 100-10-130-15-175.
Selection grade	Rs. 175-15-250.

- (ii) For those who have practical experience, but no technical qualifications, and are appointed to any supervisory or overseer's post on account of practical experience and who are graduates, the following grades have been fixed :

Ordinary grade	Rs. 110-10-140-15-230.
Selection grade	Rs. 230-15-290.

Note - At the end of the ordinary grade, an employee does not automatically go into the selection grade, but the upgrading has to be done by the management at their discretion with due regard to the efficiency, capability and the responsibility of the persons concerned.

- (iii) For those who are appointed to any supervisory or overseer's post, and have technical qualifications equivalent to L.T.M. with first class (Hons.), the grade is fixed at Rs. 120-10-130-15-175-25-300.

- (iv) For those who are appointed to any supervisory or overseer's post and have technical qualifications equivalent to L.T.M., the grade is fixed at Rs. 100-10-130-15-175-25-300.

- (v) For those who are appointed to any supervisory or overseer's post and are technical graduates equivalent to B.Tex. or B.Sc. (Tech.), the grade is fixed at Rs. 150-15-180-20-300-25-350.

Explanation 1.—The Departmental Assistant's grade will not include anybody who is paid through the muster intended for workers. In other words, Departmental Assistants will cover only those Assistants who are responsible for supervision and who are included in the officers' pay-sheet.

Explanation 2.—For the purpose of (iii) and (iv) above, full Technological Certificate of City and Guilds, should be held to be equivalent to L.T.M. The prescribed grades also apply to other diplomas equivalent to L.M.F., L.E.E., L.T.C., L.S.E., etc.

(3) If fresh L.T.Ms are appointed as apprentices in mills, they should be given during the period of their apprenticeship a stipend of at least Rs. 75 per month and if found suitable, they should be placed in the appropriate grade at the end of their apprenticeship. The period of apprenticeship should not in any case extend beyond a period of two years.

(4) If an Assistant acts in place of the Master for at least a period of two months, he should be given an allowance equivalent to 20 per cent. of the difference between his pay and the Master's pay.

(5) While applying the recommendations to existing members of the staff, they should be given the pay of the grade appropriate to their work and responsibility irrespective of their present designations which need not be changed. However, the designation and grade should not be less than that of Assistant Master in the case of those persons who are entrusted with responsibility for running shifts

IV. *Dearness Allowance.*—(1) The following should be regarded as the minimum dearness allowance applicable to monthly basic salaries up to and including Rs. 500.

<i>Variations in the Bombay working class cost of living index number</i>					<i>Percentage of dearness allowance</i>	<i>Minimum D.F.A. per month.</i>
					<i>Per cent.</i>	<i>Rs.</i>
301 to 350	..	..	..	.	35	65
251 to 300	..	..	..	.	30	55
201 to 250	..	..	.	.	25	45
151 to 200	..	..	..	.	20	35
105 to 150	..	..	..	.	15	25
Below 105	..	.	..	.	Nil	Nil.

(2) In the case of persons already in receipt of dearness allowance higher than that recommended, the present dearness allowance should not be disturbed.

(3) For new entrants, the rate of dearness allowance should be in accordance with the recommendations.

(4) For persons whose salary is above Rs. 500, their dearness allowance should be at least the same as that recommended for the salary of Rs. 500.

V. *Leave Regulations.*—(1) *Privilege Leave.*—One month for every 12 months' service with pay and dearness allowance. Leave to be accumulated up to 2 months, but permission to accumulate up to three months' should be available where leave has been applied for but not granted by the management.

(2) *Casual Leave.*—Up to 15 days a year with pay and dearness allowance.

VI. *Provident Fund, Gratuity, etc.*—The question of provident fund, gratuity, etc., will be taken up after the Industrial Court's award in the reference regarding clerks is out.

VII. *Bonus.*—No general recommendations can be made in connection with bonus except, perhaps, that the Technical Officers may be paid bonus at scales not lower than bonus, if any, paid to the workers.

VIII. None should be adversely affected by introduction of these recommendations.

Copy of circular No. 144-B, dated 23rd March 1949, to the Cotton Textiles Members of the Association in Bombay City and Island.

Subject :—GRADES AND CONDITIONS OF SERVICE OF TECHNICAL AND SUPERVISORY STAFF.

Would you please refer to this office circular No. 144-B, dated the 25th August 1948, on the above subject? In para (vi) of the consolidated recommendations it had been stated that the question of provident fund, gratuity, etc., would be taken up after the Industrial Court's award in the reference regarding clerks was out. The Committee have now considered this question in the light of the Industrial Court's award dated the 25th October 1948, and they recommend that the technical and supervisory staff of the mills (covered by the Association's recommendations) should be granted provident fund and gratuity benefits on the terms and conditions laid down by the Court in respect of mill clerks, on the lines of those awarded to the clerks. *Please note that this recommendation covers only categories of the technical and supervisory staff for whom grades have been recommended in the Association's circular under reference*

APPENDIX 10.

CONDITIONS OF SERVICE, ETC., OF CLERKS IN BOMBAY COTTON MILLS.

INDUSTRIAL COURT'S AWARD.

Copy of notification No. 189/48 issued by the Registrar, Bombay Industrial Relations Act, 1946.

In exercise of the powers conferred on me under section 74 (2) of the Bombay Industrial Relations Act, 1946, and rule 70 of the Bombay Industrial Relations Rules, 1947, I have on this 26th day of October 1948 registered the award made by the Industrial Court in the industrial dispute between the Millowners' Association, Bombay, and the employees in the Cotton Textile Mills in Bombay regarding promotion, pay grades, working hours, overtime, leave with full pay and allowances, dearness allowance, etc. :—

IN THE INDUSTRIAL COURT, BOMBAY.

Reference No. 43 of 1947 and 17 of 1948.

Arbitration between the Millowners' Association, Bombay, and the employees in occupation "H" in the Cotton Textile Industry employed in the cotton textile mills in Bombay which are members of the said Association, re. promotions, pay grades, working hours, overtime, leave with full pay and allowances, dearness allowance, etc.

Industry.—Cotton Textile.

Present.—Mr. M. C. Shah, Member, Industrial Court.

Appearances.—Counsel Mr. R. J. Kolah, instructed by Mr. Caroe of Messrs. Craigie Blunt and Caroe, Solicitors, for the Association.

Counsel Mr. S. V. Desai with Counsel Mr. D. H. Buch with Mr. R. S. Thonsekar, Joint Secretary, Bombay Textile Clerks' Union, for the employees.

Mr. R. J. T. DeMello, Assistant Government Labour Officer, Bombay, in person on behalf of clerks.

AWARD.

Reference No. 17 of 1948 has been made by the Government of Bombay to the Industrial Court under section 73 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), by notification No. 1867/46, Labour Department, dated the 4th May 1948, in supersession of

Government notification. Political and Services Department, No 1867/46, dated the 24th December 1947, for the arbitration of the industrial dispute between the Millowners' Association, Bombay, and the employees in occupation "H" in the cotton textile industry employed in the cotton textile mills in Bombay which are members of the said Association. The demands referred to arbitration are specified in the Annexure to the notification and are as follows —

(1) All clerks should be included in staffs pay sheet (abstract)

(2) *Promotions* —(a) Vacancies caused by transfer, resignation, retirement or death of an employee or newly created post should be filled in by promoting an immediate junior employee.

(b) Inter-departmental transfers without the consent of the individual concerned should not be effected

(c) In the event of an employee's unwillingness to be promoted—the vacancy should be filled up from amongst the existing staff of the mill concerned, or from sister mills keeping in view the seniority. The claim according to seniority should be fully considered, while filling up the vacancies and in no event a non-employee should have any preference over the existing staff

(3) *Pay Grades* —The pay grades should be as follows. —

(a) 450-25-500 (2 years) Head clerk

(b) 380-20-440 (3 years) - - Assistant head clerk, head storekeeper, store purchaser, head statistics or costing clerk, head sales clerk, head timekeeper, head (bleaching, dyeing, printing) clerk

(c) 300-15-375 (5 years).—General clerk, deputy storekeeper (1st assistant), deputy statistics or costing clerk (1st assistant), deputy sales clerk (1st assistant), deputy timekeeper (1st assistant)

(d) 110-10-230-15-350 (20 years).—Stenographer or correspondence typist, comptist, head godown-keeper, head cotton clerk, ledger keeper (accounts stores), head cashier, head grain supervisor or head grain shopkeeper, head record clerk, credit society secretary, head punning clerk, head sizing clerk, head weaving clerk, head folding clerk, head efficiency clerk, head piecework clerk (weaving), head mixing clerk, assistant B. D. P. clerk (1st assistant), head Bedaux clerk (bleaching).

(e) 85-10-255-15-300 (20 years) --Assistant general clerk, assistant storekeeper, assistant statistics or costing clerk, assistant sales clerk, assistant timekeeper, typist, deputy godown-keeper (1st assistant), assistant cotton clerk, assistant cashier, assistant grain supervisor or assistant grain shopkeeper, deputy record clerk, assistant spinning clerk, assistant sizing clerk, assistant weaving clerk, assistant folding clerk, assistant efficiency clerk, assistant piecework clerk, assistant B. D. P. clerk, assistant Bedaux clerk, head canteen supervisor, filing and despatch clerk, head waste clerk, head gate-keeper, head salesman, head bonus clerk, head foundry or mechanic clerk, head blow room clerk, head carding clerk, head warping clerk, head credit society clerk, head winding clerk, head weft clerk, head reeling clerk, head building clerk, head drawing-in clerk, head warping clerk, head cut-weight book clerk, head weaving report clerk, head production clerk, head baling clerk, head dyeing clerk, head bleaching clerk, head dyeing store clerk (dyes and chemicals), head compounder.

(f) 65-8-145-12-265 (20 years) - Despatch and stationery clerk, store clerk, time office clerks, assistant godown-keeper, grain salesman, grain clerk, assistant record clerk, assistant credit society clerk, canteen clerk, assistant canteen supervisor, assistant filing and despatch clerk, assistant waste clerk, assistant gate-keeper, assistant salesman, assistant bonus clerk, assistant foundry or mechanic clerk, assistant mixing clerk, assistant blowroom clerk, assistant carding clerk, assistant warping clerk, assistant winding clerk, assistant weft clerk, assistant reeling clerk, assistant bundling clerk, assistant drawing-in clerk, assistant warping clerk, assistant cut-weight book clerk, assistant weaving report clerk, assistant production clerk, assistant baling clerk, assistant dyeing clerk, assistant bleaching clerk, assistant dyeing stores clerk, sample clerk, label clerk, extra or spare clerk, token clerk, loom clerk, fent clerk, yard clerk, fine clerk, beaming clerk, assistant compounder, nurse.

(g) 50-5-100 7½ 175 (20 years). Ticket boy, ticket checker (head ticket boy or checker, to be paid Rs 15 more), coupon seller, spinning and weaving reporter, wrapping boy, number marker, tally boy, scale boy, production checker, thread counter, cloth measurer or yard counter, fine reporter, cloth/yarn examiner, department storeman, cut looker

Note.—Such of the designations not mentioned and prevalent in some mills should be amalgamated with the designations referred to above in accordance with the nature of work and function

(4) *Working hours.*—These should be not more than seven hours for each working day excluding rest or recess period. The rest or recess period should be not less than one hour. The spreadover period should not exceed a period of 9 hours a day

(5) *Overtime.*—Every employee working or made to work after the usual working hours should be paid at the rate of double the wages for normal work including D F A

(6) *Leave with full pay and allowances.*—Every employee should be given leave with full pay and allowances as follows :—

- (a) Privilege leave of one month for every 11 months' service with accumulation facilities for three months
- (b) Casual leave of 20 days in a year provided that such leave as may not be availed of should be converted into privilege leave
- (c) Cumulative sick leave of 30 days per year
- (d) Leave relievers. Extra hands should be provided at the rate of 1/12th of the total clerical strength

(7) *Provident fund.*—A provident fund scheme should be introduced in such of mills where it does not exist. The contribution towards the fund should be equivalent to the 1/12th of the salary, to the fund, both by employers and employees

Every employee should be entitled to the company's full contribution to his provident fund on his completion of ten years' service and 50 per cent of the company's contribution on his completion of five years' service

(8) *Gratuity.*—Every employee should be entitled to gratuity at the rate of one month's salary current at the time of retirement, discharge or resignation for every year's service

(9) *Dearness allowance.*—Every employee should be paid 20 per cent of his salary as D.F.A. to the minimum of Rs 60 per month provided that in no case the existing D.F.A. should be reduced

(10) *Night-shift allowance.*—Every employee should be paid 12½ per cent of his basic salary as night-shift allowance

(11) *Extra allowance.*—Whenever an employee is called for extra work such as for payment of workers' wages, etc., he should be paid a special allowance of Rs 5 per day in addition to his usual salary and overtime

(12) *Acting allowance.*—Acting allowance should be paid to every member of the staff who acts in any higher post, at the rate of 50 per cent of the difference between the salary of the person acting and the person for whom he acts

(13) *Insurance.*—An insurance policy for each employee should be taken out from the provident fund contribution to his credit

(14) *Retiring age.*—The minimum retiring age should be 58 years but every employee should be given the option to continue for another three years if he is declared by the Medical Officer to be fit to work

(15) *Supervision.*—All clerks, whether departmental or otherwise, should be under the supervision or control of the head clerk and should not be under a departmental technical head or L. O.

(16) *Cloth purchasing facilities.*—Every employee should be entitled to purchase cloth to the extent of 10 per cent. of his earnings in a year at ex-mill rates.

(17) New scales of pay should come into effect retrospectively from 1st April 1947. Salaries should be adjusted on the basis of revised scales according to the number of years' service already put in.

(18) All the existing benefits and privileges which are enjoyed by clerks and which are not included in the above demands should be continued.

2. Originally these very demands were referred by the Government of Bombay to this Court and the said reference was registered as Ref. No. 43 of 1947. The Bombay Textile Clerks' Union, which was the other party to it, had filed a statement of claim and the Millowners' Association, Bombay, had filed its written statement in reply, but as the said union was not duly registered under the Bombay Industrial Relations Act it ceased to have a representative character and on this fact being brought to the notice of the Government it made a fresh reference by issuing a notification superseding the original notification. Reference 43 of 1947 is accordingly taken as disposed of by this award.

3. The Government Labour Officer representing the employees has filed a statement of claim in this reference and the Millowners' Association, Bombay, has filed a written statement in reply. The parties have not adduced any oral evidence.

4. The Bombay Textile Clerks' Union, which was a representative organization under the Bombay Industrial Disputes Act, had at first made certain demands on the Millowners' Association on behalf of its members by a letter dated the 15th April 1946. This was followed by a joint meeting of the representatives of the Millowners' Association, hereinafter called the Association, and the Union, after which certain revised demands were made by the Union on the 21st August 1946 and as a result of the negotiations which took place thereafter between the Association, on the one hand, and the Union's Secretary, on the other, a certain understanding was reached in accordance with which an agreement was duly signed by the representatives of both sides on the 29th January 1947. But the Registrar under the Bombay Industrial Relations Act declined to register the said agreement on account of a technical defect, viz., that a notice of change had not been given prior to the agreement and the agreement could not be registered in the absence of notice. The Union, however, behaved for a time as if it stood by the agreement and it even sought its implementation by the member mills of the Association. But some time later, the Union began to express its dissatisfaction over the terms of the agreement and on the 15th September 1947 it submitted a charter of demands to the Association repudiating the agreement of the 29th January 1947. Conciliation proceedings which took place in the wake of the notice of change given by the Union ended in a failure and the Government then referred the dispute to this Court on the 24th December 1947 and thereafter made the present reference on the 4th May 1948.

5. The number of the clerks affected by this dispute is about 6,550 and they constitute all the categories of the clerical staff employed in the member mills of the Association. Their grievance is that they have been subjected to different conditions of service, that the evaluation of their labour differs from mill to mill, that the salaries paid to them are not uniform, and that the leave regulations, service rules and provident fund regulations vary from mill to mill. They urge that these divergent conditions benefit neither the staff nor the employers and they therefore ask for uniform scales of pay, occupation-wise, and uniform conditions of service in the textile mills in Bombay. The Millowners' Association does not demur to the demand for uniform scales of pay and conditions of service though it does dispute the manner in which the demand for the scales of pay has been made and strenuously contends that the pay scales of the clerks are not capable of being prescribed according to the various occupations; but with this part of the dispute I will deal later. I will now take up the demands *seriatim*.

6. *Demand No. 1—Inclusion of all clerks in staffs pay sheet (abstract).*—The demand is that all clerks should be included in the staffs pay sheet (abstract), and the grievance is that some of them who are doing clerical work are wrongly included in the workmen's muster. Mr. Desai for the employees has urged that Schedule "H" of the list of occupations made by the Registrar, Bombay Industrial Disputes Act, is not exhaustive and that such of the employees as are doing work of a clerical nature should be treated as clerks and included

in the Staffs Pay sheet. Under the Bombay Industrial Relations Act, "employee" means any person employed to do any skilled or unskilled manual or clerical work for hire or reward in any industry. The expression "clerk" has not however been defined in the Act so that the Act does not give any clue as to what is meant by "clerical work." The Oxford Dictionary defines "clerk" as a person employed in bank, office, shop, etc., to make entries, copy letters, keep accounts, etc. In Webster's Dictionary "clerk" is defined as one employed to keep records and accounts, to have charge of correspondence, or the like, with or without administrative, executive or other authority; including an accountant. The definition goes on to say that clerk is an indefinite term of wide application and may include employees clothed with authority to act in various weighty matters for their employers, such as the teller of a bank, or the secretary of a corporation, as well as those whose duty is the keeping of the simplest records. The expression "clerk" has come to be interpreted by adjudicators in some of the awards, and in the award in the Banks' Dispute (Reference No. 6 of 1946 and No. 10 of 1947) Sir Harsidhbhai Divatia has observed that "a clerk is generally a person who does routine work of writing, copying or making calculations under the direction and supervision of an officer. A person whose work is of a purely supervisory or technical nature is not a clerk." The question who is a clerk is also dealt with by him in paragraph 21 of the award in the dispute between the Empire of India Life Assurance Co., Ltd. (Head Office), Bombay, and its employees where he has held that "the definition 'clerical work in any trade or industry' must be limited to the work done by persons who are occupying a subordinate position and working under the orders or supervision of other servants of the Company under whom they work and who are generally designated as officers." With respect I agree with this view. Now the dispute, as stated in the course of the arguments, on this demand is in respect of three categories of workers, viz., thread counters, number markers and wrapping boys, and it is claimed that these employees are doing clerical work and should be included in the staffs pay sheet. Mr. Desai for the employees also mentioned ticket boys but the Association has conceded that ticket boys are actually in clerks' list; there is therefore no dispute regarding the ticket boys and they will be included in the staffs pay sheet. As for the thread counter, he counts the number of threads and keeps a record of the same and attends to the assignment of the hanks given to the operators keeping a record thereof. Mr. Kolah for the Association has urged that the thread counter merely counts the thread in the hanks and he merely notes down the number and reports to the reeling clerks and that his work is not of a clerical nature. In my opinion, the thread counter's duties are not merely mechanical, but he has to keep a record and do writing work connected with it and he should, properly speaking, be included in the list of the clerks. I am told that in some of the mills he is actually being shown in the pay sheet of the clerks though in others he is shown in the muster of the operatives. Schedule "II" referred to above pertains to clerks and the thread counter is actually included in that list at item No. 10. In the circumstances there is no reason why the thread counter should not be treated as a clerk though it may be that he may not be a full-fledged clerk. I therefore direct that he should be included in the staffs pay sheet (abstract). As for the number markers, it is alleged by the employees that the processing number marker, for instance, goes round the machine, that is the looms and frames and prepares an absentee report of the workers and sends it to his superior keeping a copy for himself. Mr. Kolah for the Association has denied this fact and has stated that the number marker does not go round the machines nor report the absentees and that this is done by the ticket boys who are included among the clerks. I prefer to accept the statement made on behalf of the Association. Mr. Desai next urged that in the weaving department the number marker takes down the individual production of every machine (loom) entered on the board on the loom and he thus keeps the account of the production and he has urged that in some of the mills this number marker is shown in the muster of clerks. That might be so of the number marker in that department but it will not be true of the number markers in the other departments. The number markers are not as a class, included in Schedule "H"; Schedule "I" of Annexure A to the Bombay Textile Award (Reference No. 1, 4 and 5 of 1946) includes the number markers in the carding, spinning (misc) and line levelling departments, in the winding and warping departments, and in the warehouse, calendering, finishing and folding departments and they are there shown as operatives. The bale marker of the cloth and yarn baling department, too, is shown in the said schedule as an operative. The nature of the number markers' work is thus more or less mechanical and they cannot be treated as clerks and the claim in respect of them will therefore be rejected. As for the wrapping boys, it is stated that they test the yarn to find out its tensile strength and they keep rough

notes thereof which they give to the wrapping clerk who then prepares a fair sheet from them. That is however denied by the Association and it has urged that the wrapping boys merely bring the material for testing the yarn, and put the material on the testing machine, thereby doing only a mechanical job, and that it is the wrapping clerks who keep the record and not the wrapping boys. It does appear that the wrapping boys are mentioned in Schedule "H" but they have been also mentioned in item No. 9 of Schedule "I" of the Award. It seems to me that their work is more of a mechanical nature though it might involve taking down figures and keeping an elementary record. In my opinion this class of workers cannot be treated as clerks and he is properly shown in the list of the operatives by the mills. The claim on his behalf, too, is therefore rejected. These are the only categories on which arguments have been addressed to me. As for the general demand made that all clerks should be included in the staffs pay sheet, in the absence of any facts relating to any particular employee, it is not possible for me to find whether the said employee would fall in the category of a clerk or not, but I may give a general direction to the Association that persons doing clerical work, that is those who do routine work of writing, copying, or making calculations should be treated as clerks and should be included in the staffs pay sheet and further that those persons who are asked to do clerical work in addition to mechanical work should also be put in the category of clerks.

7. *Demand No. 2 Promotions* (a) The employees demand that vacancies caused by transfer, resignation, retirement or death of an employee and newly created posts should be filled in by promoting an immediate junior employee. Mr. Desai has urged that seniority should be the sole consideration in the matter of promotions and he has complained that under the guise of promoting men with efficiency a lot of favouritism is done by the officers of the mills thereby causing discontent in the staff. This allegation of favouritism has been denied by the Association and although it may be that it might have happened in some stray cases, that is not a general rule. After all the employer would always be anxious to treat his employee in a fair and just manner and the rights of a deserving junior would ordinarily always be considered in making the promotions. In fact the Association maintains that vacancies are, as a rule, filled from the existing staff provided of course, they have the requisite qualification, skill and aptitude, and there is no reason to believe that, except under special circumstances, the employers would prefer to bring an outsider when there is already an experienced hand available with them. That is not an unreasonable attitude and considerations of efficiency ought to have their due place in making promotions, and not mere seniority of service. Efficiency, skill, etc., should in my opinion, be considered along with seniority and other things being equal seniority should be observed in making promotions, but mere seniority should not be the sole deciding factor. I direct therefore that, other things such as efficiency, qualifications and skill being equal, seniority should be respected in making the promotions. The same principle should apply in making appointments to newly created posts, and as far as possible appointments to such posts should be made from qualified and experienced hands already in the employment of the mills provided they have the necessary qualifications, efficiency and skill and the necessary aptitude for such posts.

(b) The employees demand that inter-departmental transfers without the consent of the individual concerned should not be effected. The ground on which the demand is made is that working conditions and surroundings differ from one department to another and from one occupation to another and that an employee who joined a particular department should not be transferred, without his consent, to jobs under some other set of working conditions. Apart from the fact that it is a matter of internal administration with which courts will not ordinarily interfere, the principle underlying the demand is itself unacceptable. Inter-departmental transfers are made, I am told, occasionally and not as a rule, following leave, promotion, reorganisation or other similar arrangements and it will not be fair to the employers to make the employee's consent to the transfer, a condition precedent to it. If that were done it would give to the employee, a handle, which might even prove mischievous, to dislocate the internal management of the mills. The only consideration which should matter is that the inter-departmental transfer does not prejudice the employee concerned in the matter of his pay, privileges and conditions of work and ordinarily these are always taken into consideration by the employers. There is therefore no valid ground for accepting the condition proposed by the employees and this part of the demand is rejected.

(c) The employees demand that in the event of an employee's unwillingness to be promoted, the vacancy should be filled up from amongst the existing staff of the mill concerned, or from sister mills keeping in view the seniority. The substance of the demand is the same as in demand No 2 (a). The question whether an employee is really unwilling to be promoted has little relevance to the manner in which promotions are to be effected. It is not necessary to repeat the same grounds over again, and the award on this part of the demand will be on the same lines as on demand No 2 (a).

8. *Demand No 3—Pay grades*—This is the most important of all the demands and it is for prescribing pay scales of the clerks including head clerks, and the employees want separate pay scales to be fixed occupation-wise for various categories of the clerical staff. Six different grades have been suggested in this connection and the last grade asked for, viz., grade "G" of Rs 50-5-100-7½-175 (20 years) is meant for such of the workers who occupy an intermediate position between regular clerks and mill operatives. In this class are included ticket boys, ticket checkers, coupon sellers, etc. The "F" grade which is next above it is of Rs 65-8-145-12-265 (20 years) and in this grade are included the junior clerks doing ordinary routine work, keeping record, etc., and doing despatch and other work. In this grade is included the nurse but at the hearing Mr. Desai agreed that the nurse could not fall in the category of clerk and may be excluded. The assistant compounder is included in the grade but the association objected to the compounder being included in the category of clerks, and with this question I will deal later. The next higher grade is the "E" grade of Rs 85-10-255-15-300 (20 years) and in this grade are included the assistants or what are called the senior clerks. The next higher grade is the "D" grade with Rs 110-10-230-15-350 (20 years) meant for the heads of departments and the stenographer or correspondence typist and the comptist. The "C" grade which is the next higher one is of Rs 300-15-375 (5 years) in which the general clerk, deputy storekeeper (1st assistant), deputy statistics or costing clerk (1st assistant), deputy sales clerk (1st assistant), and deputy timekeeper (1st assistant) are included. The "B" grade which is the next higher grade is of Rs 380-20-440 (3 years) and in this grade are shown the assistant head clerks, head storekeeper, store purchaser, head statistics or costing clerk, head sales clerk, head timekeeper and head (bleaching, dyeing, printing), clerk and others. The "A" grade of Rs 450-25-500 (2 years) is asked for the head clerks. In addition to the various occupations specified in this demand for pay scales, there are numerous other designations which are not included in the printed demands and a list of which has been given at Ex 7. The designations specified in Exhibit 7 are too numerous to mention but a perusal of the list proves most clearly that there is no uniformity whatever in the designations of the various clerical jobs in the different mills in Bombay and that the designations of employees working on the same or similar jobs differ from mill to mill. The designations besides are not common to all the mills and in fact some of them do not exist in some mills altogether. In order to ascertain the generality of the designations obtaining in the mills I called upon the mills to submit statements containing particulars about their clerical staff and the mills have accordingly filed the statements containing the designation of the post, the length of service, the basic salary and the qualifications of the present incumbent. I heard both parties after the statements were filed and at the resumed hearing Mr. Desai urged that at any rate the statements showed that there were several common designations. That is no doubt so, but at the same time there are numerous designations which are not at all common, and the work in some of them which is done by one type of workers in one mill is done by another type of worker in another mill. The material produced before me also discloses that men doing the same or similar jobs are designated differently and the salaries paid to such persons are so widely different that it will be impossible to strike a standard or a uniform rate of salaries for the various clerical occupations and jobs.
- As an illustration I might cite the salaries of the head clerks. Now although this designation is common the statement Ex 8 shows that the head clerk's salary ranges from a maximum of Rs 400 (in India United Mills No 1) to a minimum of Rs 105 (in Jam Mill No. 1) in the 65 mills of the city. The same is true of the assistant head clerks whose salary varies from
 - Rs. 225 (in Kohinoor Mill Nos. 1 and 2) to Rs 113 8-0 (in Dhanraj Mills). There is no assistant head clerk in some mills at all and assistant head clerks in some mills are probably
 - working as head clerks. There is the same disparity in the salaries in almost all the jobs right down to the lowest type of worker. Moreover, some of the designations are imaginary; but in any event they are so numerous and bewildering that unless a thorough inquiry is carried out by persons with an intimate knowledge of the working of the mills it is not possible to

standardize the musters and the pay scales and I have my own doubts if they could be standardized in some cases at all. Even in the case of the textile operatives of the Bombay mills on account of the wage variations in the existing scale, the wages could not be standardized for certain occupations and they were therefore put in Schedule III. There is thus an inherent and insuperable difficulty in prescribing pay scales occupation-wise and with the best of effort I must confess that it has not been possible for me to do so. I may observe that pay scales of the clerical staff have been usually, at any rate till now, prescribed on the basis of certain grades according to seniority or educational qualification and not on the basis of designations or the nature of the job. I may cite the award of Mr. Justice Mangalmurti in the adjudication in the dispute between the textile mills in the Central Provinces and their employees including the clerical staff. The scales of pay were there prescribed according to qualifications; the highest scale was prescribed for a graduate, the next lower one for matriculates or those who had the school leaving certificate, the third one for non-matriculates and the lowest one for those not having any qualification mentioned in the first three scales. In the award on the industrial dispute between thirty-six cotton mills in West Bengal and their workmen the tribunal has fixed two grades of pay for clerks, one for matriculates and the other for non-matriculates. Mr. Kolah also referred to the demands made by the clerks of the textile mills at Ahmedabad, in Reference No. 18 of 1947, where the scales of pay are demanded for (i) junior clerks, (ii) English-knowing clerks—senior clerks—up to matriculation standard and (iii) graduate supervisors, and the demand is not there rested on the basis of designations or occupations of the various clerical jobs. I might observe that in Government and municipal offices and in other industrial and commercial or banking concerns pay scales are not based on the nature of the particular work which the clerk is doing in the offices. Moreover, in the present case there is a group of mills and not a single employer and unless standardization of occupations is carried out, it is not at all possible to fix the pay scales occupation-wise. For these reasons therefore I am unable to accept the employees' contention that pay scales should be prescribed for different types of clerical posts. All the same the necessity for prescribing pay scales does exist and the Association, too, has not disputed it though it has objected to the manner in which they have been asked for by the employees.

9. Before proceeding to prescribe the pay scales, however, I will dispose of an objection urged on behalf of the Association that head clerks are not clerks and therefore not employees within the meaning of that expression in the Bombay Industrial Relations Act and that no pay scales need be prescribed for them. It is urged that the head clerk sometimes acts as the manager and secretary of the mill. That might be so, but that is not a part of his normal duties. His normal duties are clerical and this is evident from the duties of a head clerk enumerated in Mr. M. K. Pulay's book entitled "The Textile Mill Clerk's Guide" (page 191). But apart from it, the head clerk is essentially the head of the clerical establishment and his duties are not purely of a supervisory character in that he has to attend to clerical work such as correspondence and accounts, etc., and he must therefore be treated as a clerk. One other category of worker whom the Association disputes is the compounder. Now some of the duties of the compounder are to maintain a register of patients, to prepare monthly statements, to maintain stocks of medicine, to maintain the register of patients differentiating the operatives from the members of their families, to prepare wages certificates, to prepare accident reports, to post bills and maintain bill books, etc. For the Association, it was urged that the compounder merely makes the entries in the registers, and because he is in charge of medicine and stores he is required to maintain records thereof and other incidental records. But that itself means that he is doing clerical work in addition to his normal work as a compounder and if the compounder is doing such clerical work there is no reason why he should not be treated as a clerk. To cite an instance, compounders have been treated on a par with clerks in Government offices and they are getting the same pay scales as the lower grade clerks. I therefore direct that for purposes of the pay scales the compounders should be treated as clerks and be paid on that footing.

10. I now turn to the general arguments urged for the employees on the question of fixing the minimum basic salary of the clerks. It is urged that the clerical staff is mostly drawn from the lower middle class families, though there might be a few clerks coming from what are called the upper middle class families, that the standard of living of the clerks, as a class, is much higher than that of mill operatives and that this factor ought to find its

due weight in fixing the basic salary of the clerks. The contention is correct and will be duly taken into account. Mr. Desai has relied on the basis adopted by Sir Harsidhbhai Divatia in determining the basic salary of the clerks in the Banks' Award, and he has urged that the same basis may be accepted in this case with suitable modification. The question of calculating the cost of living of middle class families does present a difficulty in the absence of a detailed inquiry into it, and for want of data I do not think I can do anything better than to accept the basis and the ratio which was employed in the Banks' Award for working out the cost of living of the middle class families and the starting salary which a clerk should get having regard to his requirements in the eighth year when he is expected to have a family consisting of himself, wife and two children. It is unnecessary to repeat the reasoning and the grounds which formed the basis of that calculation. It was found that Rs. 65 for a matriculate clerk was adequate with a dearness allowance of Rs. 30, the graduate clerk getting Rs. 10 more as starting salary. The clerks have here asked for a starting salary of Rs. 65, which judged from the standard adopted in the Banks' Award, is perfectly reasonable. In fact the recent trend is to fix it still higher for clerks in Bombay city and to take one or two instances, the Government has prescribed Rs. 75 as starting salary for a matriculate clerk in the city and in the Bombay Municipal Award, too, a clerk has been started on Rs. 75 (Ar. No. 3 of 1947). Mr. Desai has attempted to prove the reasonableness of Rs. 65 as starting salary for the textile mill clerks by co-relating the working class family budget with that of the lower middle class by the application of a coefficient and he has taken as an instance the index number of the cost of living 279 which was the average for the year 1947. On that basis the textile operative in Bombay would get Rs. 74-11-11 as wages inclusive of dearness allowance on the footing of Rs. 30 as the minimum wage for 26 working days. Taking the cost of living of a middle class family at 80 per cent. higher than that of a working class family, the figure would come to Rs. 135 inclusive of dearness allowance and it is therefore urged that Rs. 65 as basic salary is a reasonable minimum. I am afraid, this method of arriving at the minimum salary by calculating the present cost of living and then eliminating the dearness allowance is not quite sound but since here the minimum of Rs. 65 can be arrived at even otherwise, the question is at best of academic interest. In my opinion, Rs. 65 is a fairly reasonable starting salary for a clerk in the textile industry of Bombay.

11. Of the total of about 6,550 clerks employed by the textile mills of Bombay, 57 are graduates, 755 matriculates and 4,023 have studied between IV and VI Standard English and 1,714 have studied up to IV Standard English; and on this subject of fixing the pay scales Mr. Kolah has strenuously urged that the scales should be fixed on the basis of educational qualifications only, viz., for matriculates and non-matriculates. In the Calcutta and Nagpur Awards referred to above, no doubt, pay scales were prescribed on the basis of educational qualifications. In the Calcutta Award two grades were prescribed, one for the matriculates and the other for non-matriculates whereas in the Nagpur Award four grades were prescribed as already mentioned by me. However after a careful consideration of this question I am unable to agree with the principle of fixing the scale on educational qualifications or differentiating between matriculates and non-matriculates, and in my considered opinion the grades should be broadly based so that any capable employee can rise to the top of the various grades by dint of merit. I prefer to lay down uniform grades for the matriculates and the non-matriculates particularly so when nothing has been suggested to show that the non-matriculates are turning out work which is in any way inferior to that turned out by the matriculates. I do not therefore propose to make any distinction between a matriculate and a non-matriculate and the only distinction I am making is to start a graduate clerk with Rs. 10 more as starting pay. I might observe that in the Banks' Award no distinction was made between matriculate and non-matriculate clerks, nor was any such distinction made in the Bombay Municipal Award (Ar. No. 3 of 1947).

12. As for the pay scales, as already stated, the employees have asked for six different grades, the last grade being grade No. "F" for what Mr. Desai chose to call junior clerks, grade No. "E" being for senior clerks, grade No. "D" being for heads of departments, grades Nos. "C" and "B" for heads of departments with a sort of specialised knowledge and grade "A" for the head clerks. They have further asked for a separate grade being grade No. "G" for employees who occupy a position midway between clerks and operatives. They have included in these grades various occupations which, according to them, should fall under the respective grades. I have already rejected the plea of fixing the grades in

accordance with the nature of the occupation of the employee and consistently with that view I am unable to accept the classification of the various grades suggested by the employees. At the same time I reject the plea urged on behalf of the Association that the grades should be fixed on the strength of educational qualifications. I propose to fix the grades in the normally accepted divisions, viz., the junior clerks, the senior clerks and the chief clerks (including head clerks) and it seems to me that there should be no difficulty in fixing up into these grades the various categories of clerks whom the employees have enumerated in their demands and those numerous others who have not been included in that enumeration.

These grades will be as follows.—Junior grade clerks—Rs. 65-5-95-7½-140-E.B.—8-180-10-210 (A graduate clerk to start on Rs. 75 per month in this grade)

Senior grade clerks—Rs. 210-10-270

Chief clerks—Rs. 270-15-330.

It will be for the management of the respective mills with the concurrence of the Millowners' Association to assign to the grades prescribed above the clerks working in the various occupations in their mills and in doing so, the management will take care to see that each one of the clerks is assigned his proper grade having regard to the nature of his duties, the degree of intelligence required for a particular job, his previous experience, etc. I am conscious of the fact that this might give a wide discretion to the management which might create an apprehension in the minds of the employees that they will not get a square deal at the hands of the employers in fixing them up in the various grades, but as there are no grades nor pay scales in existence at present, and as it is not possible to prescribe the grades occupation-wise, the only best course that I can adopt is to prescribe the scales and grades of pay and leave it to the management's sense of fairness to see that no injustice is done to the clerks in fixing them up in these grades and scales. As I held above, head clerks are covered by this reference and they will fall in the chief clerks' grade. The compounders and the assistant compounders, too, will be treated as clerks, but not the nurses. For those of the employees who occupy a position lower than that of a full fledged clerk but higher than that of an operative, viz., "those who are referred to in clause 3 (g) of the demands and those others who have not been included in that clause but who can properly fall under it, I prescribe a separate scale, viz., Rs. 40-3-70—E.B. -4-90-5-105. Excepting the number markers and the wrapping boys, with whom I have dealt with in the earlier part of the award, it is understood that the remaining categories mentioned in clause 3 (g) of the demands will be included in this grade, particularly so because no objection has been taken by the Association against them. Such of the designations as are not mentioned in the said clause 3 (g) will be taken into consideration by the management and in case they are required to do clerical work in addition to mechanical work, they should be included in this grade. Number markers and wrapping boys should not be given any clerical work and they would be governed by the award dated the 31st May 1947 in Ref. 1, 4 and 5 of 1946.

13 On the question of the date from which the scales of pay prescribed by this award should come into effect, there is a separate demand being demand No. 17, and the employees want that they should come into effect from the 1st April 1947 and they further ask that in adjusting the salaries in the new scales adjustments should be made on the basis of giving increments in accordance with the number of years' service put in by the employee, which in effect amounts to a point to point adjustment. The demand for the pay scales which are the subject of this arbitration and other demands, were made for the first time by the Bombay Textile Clerks' Union on the 15th September 1947 by their charter of demands after repudiating the agreement dated the 29th January 1947 and that being so, the demand that the pay scales should take effect from the 1st April 1947 is obviously unreasonable. In fact the question of giving effect to them from a date prior to the 15th September 1947 would not arise because the pay scales in the present form had not been demanded earlier, and the demand newly made was radically different from the one agreed to under the agreement of the 29th January 1947. Apart from it the Association would naturally take some reasonable time to consider the demand on the merits. The conciliation proceedings which took place in the wake of the notice of change having failed, the demands were referred to arbitration by the Government on the 24th December 1947, and, in my opinion, the time taken till then could not be reckoned against the Association. In the circumstances the 1st January

1948 is the appropriate date from which the new pay scales should take effect. However, Mr. Kolah has urged that the first reference having been superseded the Court's jurisdiction to arbitrate on the dispute came to an end and the jurisdiction started again on the date of the fresh reference, viz., the 4th May 1948. The contention is that to make the award to take effect from before the 4th May 1948 would be giving retrospective effect to it. Now apart from the question of the Court having the power to give retrospective effect to its award, it seems to me that in this case the Court would be well within its right to give effect to the new pay scales from the 1st January 1948 despite the fact that a fresh reference was made in supersession of the original reference. The fresh reference was necessitated by a mere technical difficulty occasioned by the Union ceasing to have a representative character. The Court has besides the power to grant relief with retrospective effect in appropriate cases and since that point has been the subject of more than one decision of this Court, it is unnecessary to repeat the grounds, and I do not see any reason to deviate from that position. In the circumstances, I hold that the scales of pay prescribed by this award should take effect from the 1st January 1948 and I direct accordingly. This also disposes of demand No. 17.

14. As for the demand for a point to point adjustment, obviously an adjustment on such a basis cannot be allowed considering that even though there have been no regular pay scales, the employees have been given increases in pay from time to time. The demand postulates that the employee should have been getting the prescribed pay scales from the time he first joined the employment, but that is obviously unreasonable because the salaries then being paid might have been quite adequate having regard to those times. It will not be fair to the employers to allow to the employees in effect salaries for all the past years on the footing that the employees had started on these very scales from the beginning. The demand for the point to point adjustment is therefore untenable and is rejected. On a careful consideration of the question of adjustment, I hold that the adjustment should be made in the following manner :—

For less than one year's service—No increment.

For service of one complete year—One increment.

For service of more than 2 years and less than 4 years—Two increments.

For service of more than 4 years—Three increments.

The service referred to here is the service with the present company.

(i) Each employee of the company concerned in this reference, shall be given an increment or increments (at the appropriate annual rate) that may be due to him on the above basis, having regard to the total number of years of service with the company. These increments shall be given in the scale prescribed by this Award.

(ii) Where the existing salary of the employee, that is salary as on 1st January 1948, is above the minimum of the prescribed scale, the increment or increments due to him on the above method, will be added to his existing salary and after so adding the employee shall be stepped up to the nearest increase in the prescribed scale if the amount of the salaries together with the increments as added above falls short of the amount in the graded step.

(iii) If after giving the increments an employee's salary falls short of the minimum of the scale prescribed for him, then he shall be brought up to the said minimum of the scale and he will earn his increments in that scale, as and when they fall due.

(iv) If the existing salary of an employee is higher than the salary he would be entitled to under the prescribed scale, according to the directions above, then there would be no cut in the existing salary and he will be stepped up to the nearest increase.

After the salaries are adjusted no employee will be staggered and he will continue to get future increments. In no case will an employee get, by virtue of the adjustment, a salary higher than the maximum of his prescribed scale.

(v) If the existing salaries are higher than the maximum of the scale prescribed then there would be no cut and the employee will continue to receive the existing salary.

The arrears of salaries due to the employees under this award, will be paid to them within three months of the publication of the award in the official *Gazette*.

In making the adjustments the efficiency bar provided for in the junior grade should not be applied

The benefit of this award will be given to such of the employees who have been discharged by the mills between the 1st January 1948 and the date of the publication of this award in the official *Gazette*

15. *Demand No. 4—Working hours.*—The employees demand that there should be not more than seven hours for each working day excluding rest or recess period, which period should be not less than one hour and the spreadover period should not exceed nine hours a day. In some of the mills the working hours are seven excluding one hour's recess whereas in some other mills they are eight hours excluding the recess of one hour. It is urged that in the Government establishments the working hours are $6\frac{1}{2}$ and the employees get a half Saturday off and also more holidays whereas the clerks in the textile mills are working all the six days in a week and they get few holidays besides the Sundays. It is also urged that in addition to this they are required to work in the night shift every alternate month, and it is therefore prayed that in no case the actual working hours should exceed seven hours and the spreadover period should not exceed nine hours in any mill. Now the clerical staff and other employees not coming within the Factories Act are governed by the Bombay Shops and Establishments Act, 1939, as regards working hours, and under the provisions of the said Act, no employee can be required to work for more than 208 hours in a month, and not more than 7 hours in a day unless he has an interval for rest of at least one hour. The Association's contention is that the total working hours of the clerical staff do not exceed 208 hours in a month and so long as that limit is not exceeded it will not be open to the Court to reduce the existing working hours. There is no grievance in respect of the employees who are required to work seven hours per day and the grievance is only in respect of those who are required to work eight hours per day. However, since the Act does not prohibit the working of 8 hours per day, I do not think it is competent to me to reduce the number of the working hours in respect of those employees and the only thing I can do, in the circumstances is to recommend to the Association that the working hours should, unless it is otherwise impracticable, be reduced to seven hours in the case of those who are at present working for 8 hours per day. As for the spreadover period, Mr. Desai cited an instance where the period extended to about 12 hours but that is not the usual feature and I am told that the mills have in fact reduced the spreadover period so as to cause as little inconvenience to the clerks as possible. Under section 12 of the Bombay Shops and Establishments Act, the spreadover period is not to exceed 12 hours and strictly speaking it will not be open to the Court to reduce that period, but at the same time it is necessary to remember that several of the clerks are living in suburbs and in far off places and to detain them between shifts of work for a period so as to make the spreadover period longer than nine hours will be indeed very hard on them and I would therefore recommend to the Association that the spreadover period should be reduced to nine hours, and if that is not practicable, to $9\frac{1}{2}$ hours at the utmost. As for the rest or recess period, I am told, it is usually one hour and no particular grievance about it was made on behalf of the employees at the hearing. So far however as demand No. 4 stands I have no other alternative but to reject it, though at the same time I would recommend to the Association to limit the working hours to seven hours and to reduce the spreadover period to nine hours or at the utmost to nine and a half hours.

16. *Demand No. 5—Overtime.*—The demand is that every employee working or made to work after the usual working hours should be paid at the rate of double the wages for normal work including dear food allowance. In the course of the discussion that ensued on this point the Millowners' Association agreed to pay for overtime at a rate of double the basic salary but the employees contended that the payment for overtime should be calculated also on the dearness allowance. Under section 47 of the Factories Act overtime is to be calculated at the rate of twice the ordinary rate of pay, and the rate of pay surely does not include the dearness allowance. In a similar claim made by the employees of the Ahmedabad Electricity Company, I have rejected the contention that overtime should be calculated so as to include dearness allowance (*vide* A.J.-IT No. 25 of 1947). As I pointed out there, the expression "rate of pay" has not been defined in the Factories Act nor is it defined in the Bombay Industrial Relations Act. In the Bombay Industrial Relations Act "wages" has been defined as meaning remuneration of all kinds capable of being expressed in terms

of money and payable to an employee in respect of his employment or work done in such employment and it includes any bonus, allowances (including dearness allowance), reward or additional remuneration, etc. But here we are concerned with "rate of pay" which is not synonymous with "wages." In my view "rate of pay" is the basic salary or wages which an employee gets for a unit of production or time and although dearness allowance is included in "wages" in the Bombay Industrial Relations Act, it should not necessarily mean that it can be included in the term "rate of pay" for calculating overtime payment. Since dearness allowance is being given to neutralise the rise in the cost of living it will not be reasonable to allow it also for overtime work done by the employee when an employee gets an overall dearness allowance for every day of work whether he works overtime or otherwise. This view finds support from the Adjudicator's Award in the dispute between the employers of thirty-six cotton mills in West Bengal and their workmen, called the Calcutta Award where on points Nos. 18 and 19, it is stated "'overtime' is a statutory word having a statutory meaning as given to it in section 47 of the Act (Factories Act) 'Pay' appears to mean basic pay. Looking to the scheme of the Factories Act no other meaning seems possible to be given to it. Section 49C which deals with pay during annual holidays read with the definition of the word 'wages' in the Payment of Wages Act, 1936, shows that in that section pay has been taken to include allowances also. It is clear therefore that what the legislature intends, it puts down. There is nothing however in section 47 of the Act to suggest that pay in that section was intended to include dearness or any allowance also. Thus in our view in computing overtime basic pay need only be considered." With respect, I agree with this view which is in accord with the view taken by me in the dispute between the Ahmedabad Electricity Co., Ltd., and its workmen. Accordingly I direct that overtime payment should be made to the employees asked to work after the usual working hours at the rate of double the pay or salary only of the employee concerned.

17. *Demand No. 6—Leave.*—By this demand the employees ask for privilege leave, casual leave and sick leave with full pay and allowances. The privilege leave asked for is one month for every 11 months' service with accumulation facilities for three months. In the written statement the Association has stated its willingness to grant one month's privilege leave for every completed period of 12 months' service and wanted that the period of leave enjoyed was not to earn leave, but at the hearing Mr. Kolah has agreed that privilege leave may be awarded on the same terms as were laid down in the Banks' Award and Mr. Desai for the employees, too, has agreed to it. In the Banks' Award the employees were given one month's privilege leave in a year, meaning for every completed period of 12 months' service, with full pay and allowances; the leave to be accumulated up to three months but the actual period to be granted was to depend on the exigencies of the employers. Since the parties are agreeable, I award privilege leave of one month in a year, that is for every completed period of 12 months, with full pay and allowances, the said leave to be accumulated for a total period of three months but the actual period to be granted to depend on the exigencies of the employers. The employees have asked for 20 days' casual leave in a year and further that such leave as may not be availed of should be converted into privilege leave. This latter part of the demand is unsustainable on account of the very nature of the casual leave, it being intended for meeting unforeseen emergencies or to enable the employees to attend to certain social obligations. Mr. Desai agreed to reduce the demand to ten days and the Association, too, was willing to grant ten days' casual leave. Accordingly I award ten days' casual leave in a year with full pay and allowances and direct that not more than four days may be taken at one time provided that gazetted holidays cannot be combined with such leave so as to increase the absence at any time beyond six days. The employees have asked for cumulative sick leave of 30 days per year and although in the demand the accumulation period of such leave has not been stated, Mr. Desai has now stated that it should be 15 months. The Association is willing to follow the Banks' Award in this respect also and Mr. Desai too agrees. I therefore award one month's sick leave in each year of service subject to a maximum of 12 months in all during the whole service. The mill in special cases may grant additional sick leave at its discretion. Sick leave can be granted only on a certificate of a registered medical practitioner, provided that the mill may require the applicant to be examined by its own medical officer at its expense, if it thinks necessary to do so. Sick leave may not be granted if privilege leave is available. Sick leave shall be granted on half pay, provided that the mill may in special cases of hardship grant full pay for a period of six months out of the total period of 12 months during the whole service.

18 By demand No. 6 (d) the employees wanted extra hands, meaning leave reserves, to be provided at the rate of 1/12th of the total clerical strength. The demand has however not been pressed and is rejected.

19. *Demand No. 7—Provident fund.*—The employees ask that a provident fund scheme should be introduced in such of the mills where it does not exist, that the contribution towards the fund should be equivalent to 1/12th of the salary both by the employers and employees and that every employee should be entitled to the company's full contribution to his provident fund on the completion of ten years' service and 50 per cent. thereof on completion of five years' service. In some mills a provident fund scheme has already been instituted and in those mills where it has not been so far instituted the Association has already recommended the starting of such a fund scheme for the clerks. The Association, however, does not agree to the quantum of the employer's contribution nor to the time limit in the employees' demand for being entitled to the employer's contribution, and the Association suggests 15 years to get entitled to the employer's contribution in full. In the existing funds, the Company contributes at the rate of 5 per cent. of the employee's salary and the employee's contribution is at the same rate. At the hearing Mr. Kolah agreed that in the new provident fund schemes that may be established hereafter, the employers would agree to contribute at the rate of 6½ per cent. equal to 1/16th of the salary of the employee and he also agreed that the Court may recommend the raising of the present contribution of 5 per cent. to 6½ per cent. in the existing provident fund schemes. However, in respect of the existing provident funds Mr. Kolah has urged a legal difficulty in enforcing the award because the trustees of the various provident funds and the beneficiaries thereof are not parties to the present proceedings and it will not be competent to the Court to pass orders so as to bind them, altering the present terms and conditions of the said funds. The contention is correct, and the same difficulty was felt in some of the previous awards of adjudicators. In the Banks' Award Sir Harsidhibhai observed "there is, however, a difficulty in making an enforceable award in this matter. The Provident Fund in each bank is one common fund for all its employees in the head office as well as in its branches, and it is vested in certain trustees under a trust which is not revocable save with the consent of all the beneficiaries, i.e., all employees including officers. That is in accordance with the provision of section 58C (i) (e) of the Indian Income-tax Act. In the case of Exchange Banks the beneficiaries are scattered in different places throughout the world. Even in the case of other banks with head office or branches outside the Province of Bombay all the beneficiaries are not before me. I cannot, therefore, make any award which would be binding on those who have to administer the Provident Funds. All that I can do is to express my opinion and make recommendations." In respect of the existing provident funds, therefore, I will express my opinion which will be in the form of a recommendation and not as a directive to the employers. Turning to the terms of the provident fund which are to be newly instituted, the proposed contribution of 1/16th of the salary is, in my opinion, rather low considering that the employers are in a position to contribute at a higher rate. In fact the question of the capacity to pay is not at all disputed in this case and the question therefore is whether 1/16th should be accepted as an appropriate contribution or whether the contribution should be higher. A contribution of the rate of 1/12th the salary has been adopted in the case of some of the industrial and commercial concerns in Bombay which have attained stability and have the necessary capacity to bear the burden. For the Association it is pointed out from the Model Rules relating to provident funds for industrial employees that the rate of subscription to the fund is fixed at 6½ per cent., that is, 1/16th of the monthly emoluments and that the Association's offer answers to the requirements of the Government Model Rules. The rate in the Government Model Rules, however, is not the last word and it will be open to the Court to prescribe a higher rate if the circumstances of the case warrant an increase over that rate. In my opinion the rate in the present case should be 1/12th or 8½ per cent. of the salary of the employee concerned and I would therefore adopt that as the rate of contribution by both sides, viz., the employees and the employers. As for the period within which the Company's contribution is to become payable, the employees' demand is that it should become payable in full on the employee's completing ten years' service and in half on his completing five years' service, and although the Association at first suggested a period of 15 years for being eligible to the employer's contribution in full, Mr. Kolah has subsequently agreed that the scheme adopted in the Banks' Award may be accepted in this respect. According to that scheme the employer's contribution is made available to the employees at a graduated scale and, in my opinion,

the said scale is quite appropriate considering that it was adopted for a similar class of employees, viz., the clerks. Accordingly I direct that such of the mills, as have not instituted a provident fund scheme, should institute such a scheme whereby the employee, and the employer would each contribute an amount equivalent to 1/12th of the basic salary of the employee. It is understood that every employee of the respective mills is to join the said provident fund scheme. It should be instituted on the following lines :—

(1) The Company's contributions and interest thereon shall not be payable for service of less than five years; subject thereto the whole of the Company's contributions and interest thereon shall be payable—

(a) on the death of the member,

(b) on a member ceasing to be employed by the mill—

(i) having completed 10 years' service;

(ii) retiring from the mill's service owing to continued illness incapacitating him for further employment and on production of a medical certificate of such incapacity satisfactory to the Trustees;

(iii) by reason only of reduction or reorganisation and not through any fault of such member (of which the employer shall be the sole judge).

(2) Members leaving the employment of the mill for reasons other than the above after service as stated below shall be entitled to receive the mill's contributions and interest thereon as follows :—

(i) On completion of 9 years' service—4/5th of the mill's contribution.

(ii) On completion of 8 years' service—3/5th of the mill's contribution.

(iii) On completion of 7 years' service.—2/5th of the mill's contribution

(iv) On completion of 6 years' service.—1/5th of the mill's contribution.

(v) On completion of 5 years' service —1/6th of the mill's contribution.

Provided that subject to the provisions of section 58C (f) of the Indian Income-tax Act the contributions of the mill where a member is dismissed for misconduct shall be forfeited to the Fund.

The Fund shall come into operation with effect from the 1st April 1949.

In respect of the provident fund schemes already operating in some of the mills, it is recommended that the said mills should amend their provident fund rules so as to increase the rate of contribution to 1/12th of the basic salary or 16 pies in a rupee from both the employee and the employer and to make the employer's contribution payable on the lines stated above.

20. Demand No. 8—Gratuity.—There is no system of paying gratuity to the clerks in any of the mills and the employees now want that they should be given gratuity at the rate of one month's salary current at the time of retirement, discharge or resignation, for every year's service. The Association has opposed the demand on the ground that gratuity is an *ex gratia* payment which should be left to the discretion of the employers. At the hearing the Association suggested that in case the Court awarded gratuity, it should not exceed 12 months' average salary and that the payment should be made on the lines stated in the Banks' Award. The principle of paying either gratuity or pension in addition to a provident

fund has been accepted in the Banks' Award and has been followed in several subsequent awards both in industrial and commercial concerns and the principle has now been well established. Incidentally, in the Banks' Award, 15 months' salary was awarded as gratuity. Gratuity is recognised as a reward for the services which an employee has rendered to his employer and considering that the textile mills of Bombay have the necessary capacity to bear the burden that might be imposed by a scheme of gratuity, I do not see why the principle should not be made applicable in this case. It is only proper that an employee who has put in a certain years' service should be entitled to such a benefit though it should depend on the length of service put in by him. The mill's contribution to the provident fund will not compensate the employee to dispense with the payment of gratuity. I therefore direct that gratuity should be paid to all employees covered by this reference on the scale laid down below:—

(1) On the death of an employee while in the service of Company (Mill):—

One month's salary for each year of service subject to a maximum of 15 months' salary to be paid to his heirs or executors or nominees

(2) On voluntary retirement or resignation of an employee:—

After 15 years' continuous service in the Company:—15 months' salary

(3) On termination of his service by the Company:—

(a) After 10 years' continuous service but less than 15 years' service in the Company:— $\frac{2}{3}$ of one month's salary for each year of service

(b) After 15 years' continuous service in the Company:—15 months' salary

(4) A gratuity will not be paid to any employee who is dismissed for dishonesty or misconduct, but will be paid to the employees who have been discharged between the 1st January 1948 and the date of the publication of this award in the official *Gazette*.

Salary for the purpose of calculating gratuity shall mean substantive salary (exclusive of allowances) of an employee on the date the employee ceases to be in the employment of the mill. The mills may at their discretion grant gratuity in excess of the above.

21. *Demand No. 9:—Dearness allowance*—The demand is that every employee should be paid 20 per cent. of his salary as dear food allowance to the minimum of Rs. 60 per month provided that in no case the existing dear food allowance should be reduced. At present there is no uniform system of paying the dearness allowance in the various mills in Bombay and while in some of the mills it is paid on the same basis as that of the operatives, in some other mills a lump sum is being paid. The Association is, however, willing to pay dearness allowance to the mill clerks according to the scheme by which they pay it to the mill operatives. This scale of dearness allowance has been fixed by the Industrial Court and it has been linked with the rise and fall in the index number of the cost of living in each particular month and the scheme is no doubt more scientific in that it takes into account the fluctuations in the month to month cost of living. Even so, it is material to remember that it is fixed for the operatives who come from working class families, whereas the employees here are clerks who are drawn mostly from middle class families. It has been well recognised that the cost of living of a middle class family is about 80 per cent. higher than that of a working class family, a subject to which I have already referred, and, in my opinion, the scale of dearness allowance for the operatives would not be adequate enough for the clerks and the clerks should be given some lump sum in addition though it will not be in any proportion. I am told that even at present in some of the mills an additional lump sum is being paid as dearness allowance to clerks over and above the dearness allowance payable to the mill operatives from month to month which means that the mills have themselves recognised the difference between the two sets of employees and have conceded that a higher dearness allowance should be paid to the clerks. This practice is in accord with principle and it is appropriate that it should be made applicable to all the mills. The present practice, however, is not uniform and in order that the clerks serving in the various mills should have the benefit of a uniform

scheme. I propose to award dearness allowance on the following scale to the clerks, including those who have been given the lowest clerical grade of Rs. 40-3-70-E.B -4-90-5-105 --

		Per month.
		Rs.
Clerks with salary up to Rs 100	Dearness allowance at the Millowners' Association's scale for operatives ..	plus 5
Clerks with salary between Rs. 101 to 300	Do. ..	plus 10
Clerks with salary above Rs. 300	Do. ..	plus 15

The dearness allowance will be paid on the above scale as from the 1st January 1948. The amount of the difference, if any, due between the old scale and scale prescribed will be paid to the employees concerned within three months from the date of the publication of this award in the official *Gazette*. The employees discharged on and after 1st January 1948 will also be given the benefit of the above. It may be that by the scale awarded above some of the employees might get somewhat less of the allowance, paid by the mills, in addition to the sum due on the scale of the operatives, but that cannot be helped in a scheme by which uniformity is sought to be established in all the mills. That might mean a curtailment of the existing benefit in the case of some employees, but at the same time it confers a benefit on a large majority, who were hitherto not having it. In the circumstances the existing benefit will be modified to the extent mentioned above.

22 Demand No. 10—*Night shift allowance*.—The demand is that every employee should be paid 12½ per cent. of his basic salary as night-shift allowance. In support of the demand Mr. Desai has referred to a passage in Dr. Frederic S. Lee's book "The Human Machine and Industrial Efficiency" quoted at pp. 167-168 of the Bombay Textile Labour Inquiry Committee's (Final) Report.

"Man is a diurnal, not a nocturnal, animal, and any attempts to change his innate habits in this respect are bound to interfere with his physiological processes. Man's body needs the stimulus of sunlight and is adapted to the atmospheric conditions of the day. It is widely believed that bodily vigour is low in the early morning and that the greatest number of deaths occur then; there is some statistical evidence for this . . . There is a general consensus of opinion that night work is more deleterious to health than is day work, and this opinion is supported by incontestable evidence; but in the present state of our knowledge it is hardly possible, nor indeed for our present purpose, is it necessary, to differentiate between deleterious effects *per se*, resulting from such conditions as the attempted imposition of an unphysiological rhythm and the lack of beneficial sunshine, and deleterious effects resulting from the fact that under our social conditions the day's recuperation of the night worker is rarely equal to the night's recuperation of the day worker. Night work entails a diminution of sleep. The day's light, the day's sounds, the irresistible lure of an active world, and, with a married woman, domestic duties, in a home where children must be cared for, meals must be prepared, and clothing must be washed—all these prevent sleep."

The said Committee has dealt with the question of night shift at length and after considering all the arguments, for and against, both in respect of the desirability or otherwise of night shifts and of making an extra payment for night shift, the Committee has eventually not suggested any extra payment for the work. In fact the second shift commences at 3-30 p.m. and the clerks attending that shift work for most of the time during day hours. They are not working in night shifts permanently and there is a rotation every alternate month so that a clerk is not required to work continuously in the night shift for more than a month. A similar demand made by the employees of the B. E. S. T. Company was rejected by Chagla J. (now Chief Justice) on precisely similar grounds, pointing out that the Textile Labour Inquiry Committee was considering the permanent night shift workers in contrast to those working during the day. He stated that in the case before him the employees concerned were not permanent night workers and that night duty was never continuous for any length of time nor was it permanent and it was on this ground that he rejected the demand for night duty allowance. Mr. Desai mentioned that in the Simplex mill night shift allowance is being paid at the rate of Rs. 10 to the Head of the department and at the rate of Rs. 5 to the Assistants, but the fact is that it is paid exclusively for night shift work and it cannot therefore serve as a precedent. In view of the above I do not consider that any night shift allowance should be paid to the clerks who do night duty, and I therefore reject the demand.

23. *Demand No. 11—Extra allowance.*—It is claimed that whenever an employee is called for extra work such as for payment of the operatives' wages, etc., he should be paid a special allowance of Rs. 5 per day in addition to his usual salary and overtime. The reason for the claim is stated to be that the employee is called upon to do work of a responsible nature which is not part of his normal work and that he should be given an extra allowance for attending to duties which are not properly his own. It is pointed out that some of the mills do pay such extra allowance and a statement Ex. 5 has been filed to show that such extra allowance is being paid by 11 mills of Bombay. The statement shows that the payment is made on differing basis. Whereas in one mill it is made per day for working on payment of wages of the operatives on pay days, in some mills it is paid in a lump sum. In another mill the sum paid is equivalent to a day's pay, and in yet another mill it is paid on the basis of the amount of wages paid out. The justice of the claim has not been disputed by the Association and in fact the Association has now agreed to pay an extra allowance in a lump sum for making payment of the monthly wages or bonus, if any, to the workmen, at the rate of Rs. 5 (in lump) to a clerk drawing a salary up to Rs. 150 and at the rate of Rs. 10 (in lump) to a clerk drawing more than Rs. 150. The employees have agreed to this and I therefore direct that the employers shall pay an extra allowance to all such clerks who are engaged in doing the work stated above, including the clerk who counts and the clerk who checks, at the rate of Rs. 5 to a clerk drawing a salary up to Rs. 150 and at the rate of Rs. 10 to a clerk drawing more than Rs. 150 per month.

24. *Demand No. 12—Acting allowance.*—The employees claim acting allowance for a member of the staff who acts in any higher post at the rate of 50 per cent. of the difference between the salary of the person acting and the person for whom he acts; and though in the demand the period of the act has not been mentioned Mr. Desai has now stated that the allowance should be paid for an act of 15 days or more. It has been urged that nothing is paid even after a long period of acting and it is argued that if a man is asked to act in a higher job for which the management holds him responsible, then it is only fair that an acting allowance should be paid to him. An instance of one Mr. K. G. Sardar of the Hirjee Mills was cited where it is alleged that he was not paid anything for acting as a head clerk for nearly a year and a half. The allegation is not admitted and it has not been substantiated, but assuming that it might be true, that is a very rare exception. The Association, on the other hand, points out that acting in a higher job affords an opportunity to learn work and should be welcomed by the clerks. That may no doubt be so, but if a man is considered to be fit enough to act in a higher post for a certain length of time, then it is but proper to pay a certain additional remuneration for doing the duties of that post. In the course of the discussion the Association agreed that the cashier, storkeeper and the head timekeeper may be given such an allowance but I do not see why the payment of the acting allowance should be confined to these three categories of employees only, and, in my opinion, on the application of the same principle, it should be allowed to all such employees who act in a higher post. Accordingly I direct that where any member of the clerical staff acts in a higher post for a period of 15 days or more he should be paid an acting allowance calculated at the rate of 50 per cent. of the difference between his own salary and the salary of the person for whom he acts.

25. *Demand No. 13—Insurance.*—The demand is that an insurance policy for each employee should be taken out from the provident fund contribution to his credit. The demand, if accepted in the manner stated, is likely to create legal difficulties similar to those in the case of the Provident Fund; but the Association is willing to accept rule No. 11 of the Government Model Rules in the case of the new provident funds. Therefore I direct that in respect of the new provident funds facilities contemplated in rule No. 11 of the Government Model Rules for Industrial Employees should be given to the clerks covered by this reference and similarly I recommend that as far as practicable similar facilities should be given to the clerks who are members of the provident fund schemes already in existence.

26. *Demand No. 14—Retiring age.*—The demand has not been pressed by the employees at the hearing and is rejected.

27. *Demand No. 15—Supervision.*—It is asked that all clerks, whether departmental or otherwise, should be under the supervision or control of the head clerk and should not be

under a Departmental Technical Head or Labour Officer of the mill. It is urged that if employees working under identical conditions of service are to be under certain common discipline and are to enjoy certain privileges, then they should be under the supervision and control of one officer. It is argued that if clerks of each department were to be under the departmental technical head, there would be no uniform standard of judging the clerk's worth, and that it was quite necessary that they should be under the supervision and control of the head clerk. The Association's reply is that it is a matter of internal administration with which the Court ought not to interfere and that on the merits too the head clerk of the clerical establishment ordinarily co-ordinates the work of the department but to facilitate matters and ensure quick despatch of work, it is not unusual to attach some clerks to departmental technical heads. It is urged that this procedure does not affect the clerks adversely nor do they lose any of their privileges. Mr. Desai has stated that the departmental heads often ask the clerks working in their departments to make entries or keep records so as to suit their ends and that sometimes these are wrong entries, and when the fact is detected the poor clerk is made to suffer and that in order that the prospects of the clerk should not depend on the caprices of the departmental heads they should be put directly under the head clerks. The allegation is denied by the Association, but assuming that such a thing may be happening in stray cases, they would be exceptions to the rule and they could not be taken to establish the principle underlying the demand. The clerks working in a particular department should in the interest of the proper checking and co-ordination of work be under the technical head because it is the latter who can properly scrutinise and check their work and not head clerks or officers sitting in the office of the mill. Excepting for a mere apprehension and perhaps some sentiment, there are no good grounds to support the demand and I therefore reject it.

28. *Demand No. 16—Cloth purchasing facilities.*—The demand is that every employee should be entitled to purchase cloth to the extent of 10 per cent of his earnings in a year at ex-mill rates. The employees' version is that some of the mills are allowing the purchase of 18 yards of cloth of any variety every six months at ex-mill rates and they ask that the said mills should continue to give that facility and that those mills which are not allowing such a facility should extend the same to their employees. The demand is opposed by the Association on the ground that the cost of living includes the item of cloth and that as dearness allowance is already being paid to the employees to neutralise the rise in the cost of living, the demand for getting cloth at ex-mill rates is untenable. It is pointed out that even shareholders are not allowed the privilege of getting cloth at ex-mill rates. In normal times I should have considered the request for this facility but since the reimposition of control of cloth has been already decided upon by the Government and it is soon coming, it will not be possible for the mills to grant any concession to the employees in this respect. It will also be improper to issue a directive which is not consistent with or rather is opposed to the cloth control scheme. In the circumstances I do not think the facility asked for by the employees should be granted and I reject the demand.

29. *Demand No. 18—Existing benefits and privileges.*—The demand is that all the existing benefits and privileges which are enjoyed by clerks and which are not included in the above demands should be continued. It is, in my opinion, a fair demand and I do not see any reason why the existing benefits and privileges, not covered by the demands or the award thereon, should be discontinued simply on account of the fact that the employees have made the present demands. In the Banks' Award a similar demand was granted. I therefore direct that all existing benefits and privileges which are enjoyed by the clerks and which are not included in the above demands and are not covered or varied by this award, shall remain unaffected and shall be continued.

K. R. WAZKAR,
Registrar.

BOMBAY, 25th October 1948.

M. C. SHAH,
Member.

D. G. KALE,
Registrar, Bombay Industrial Relations Act.

BOMBAY, 26th October, 1948.

APPENDIX 11.**DEARNESS ALLOWANCE FOR BOMBAY COTTON MILL WORKERS****INDUSTRIAL COURT'S AWARD.**

IN THE INDUSTRIAL COURT, BOMBAY.

Reference Nos. 1, 4 and 5 of 1946.

*Arbitration between the Cotton Textile Mills in Bombay and their Employees re Dearness Allowance.**Industry* --Cotton Textile*Present* --Sir Harsidhbhai V Divatia, President.*Appearances* --Counsel : Sir Jamshedji B Kanga and Mr. R. J. Kolah instructed by Messrs Craigie Blunt & Caroe, Solicitors, for the Millowners' Association, Bombay, and their member mills

Mr C N Bagve, Assistant Government Labour Officer, Bombay, in person

Mr K T Sule, Advocate, for some of the employees.

Mr Shantilal H Shah, Solicitor, with Mr. G. D. Ambekar, for other employees

AWARD**PART II.**

Since the Court has fixed Rs 30 as the minimum occupational basic wage for employees in the cotton textile mills in Bombay, with effect from 1st January 1947 by the award dated the 31st May 1947 it is directed that the existing basis of payment of dearness allowance should be revised as follows with effect from the same date

2 The rise in the cost of living over the pre-war level of 105 in the case of an employee earning Rs 30 for a month of 26 days should be neutralised to the extent of 90 per cent and all the employees should be paid at that flat rate. Taking the average index number of 279 for the year 1947, this employee should get a dearness allowance of Rs. 44-11-11 for a month of 26 days. On arithmetical calculation it is found that the rate comes to 1.9 pies per day per rise of each point in the cost of living index number over the pre-war figure. The employers should make fresh calculations on this basis for the month of January 1947 and onwards and after deducting the actual amount of dearness allowance already paid to the employees make payment of the arrears of the dearness allowance thus due within two months from the publication of this award. They should continue to pay the dearness allowance hereafter on the revised basis for each month. The calculations should be made to the nearest anna, pies six and more to be reckoned as one anna and pies less than six to be omitted. The amount of dearness allowance will fluctuate according to the rise or fall in the cost of living index number. If, however, the cost of living index number reaches 325 either party will be at liberty to ask for a revision by applying to this Court. The reasons for this decision will be published later.

(Sd) K. R. WAZKAR,
Registrar.

(Sd.) H. V. DIVATIA,
President.

BOMBAY, 20th February 1948

" The Court gave an award on 31st May 1947 on standardisation of wages in the abovementioned disputes. The question of dearness allowance in demand No. 2 in reference No. 1/46 and demand No. 5 in reference No. 5/46 was left over for argument and decision at a later date. In the said award (paragraph 30) the Court observed that while considering the demand for increased dearness allowance, the Court will take into account all the relevant factors including the effect of increased wages due to standardisation. With this background the matter was argued before the Court.

2. On the question of dearness allowance to be fixed for the workers in the Bombay cotton textile mills, two opposite points of view were presented to the Court. On behalf of the labour it was argued that the minimum wage fixed by the Industrial Court at Rs. 30 was only a subsistence wage, and that it did not take into account certain essential requirements of life of the worker and his family. It was suggested, therefore, that the dearness allowance should be based on the average wage of Rs. 41 according to the new scheme of standardised wages. This in effect amounted to an effort to project some of the arguments which were urged at the time of fixing the minimum wage into the question of dearness allowance. For the purpose of dearness allowance the minimum wage should be taken as fixed for the time being, and the effort should be to arrive at a reasonable method of calculation, so that the worker can be compensated as far as possible for the rise in prices, thus ensuring him a real wage approximately equal to that contemplated in the scheme of standardised wages with Rs. 30 as the minimum.

3. On behalf of the Millowners it was argued that no case had been made out for increasing the dearness allowance from the existing level, which was 1.75 pias per day for every point of rise in the cost of living index, above the pre-war level. It was argued that this figure was arrived at by way of a compromise in the early stages of the war between the Millowners and the Government of Bombay, that this had assumed the position of a model for textile industries in other centres as well as for other industries and that it was not desirable to upset a system which had continued for so many years. While appreciating this attitude so far as the method of calculation is concerned, it must be pointed out that it is frankly empirical and does not conform to any scientific principle. It was perhaps the best method of arriving at dearness allowance during the emergency caused by the war, and it was but natural that both textile and other industries followed the lead given by so prominent an organisation as that of the Bombay Millowners' Association. Now that the whole question of the remuneration of industrial workers is being systematised, with a view to arriving at a system which will be both permanent and workable, it is desirable to approach the problem on scientific lines as far as possible. If any change that is involved in the system in consequence, affects the system of dearness allowance in other industries, it would be for the good of all concerned, because we shall then have a more scientific system taking the place of an empirical system hastily contrived during the war. What could be urged in favour of the Millowners is that in trying to evolve a system for the grant of dearness allowance to workers, due regard be paid to the capacity of the industry to pay the same.

4. After considering all factors we have come to the conclusion that the best method would be to calculate the dearness allowance to be given to workers at a flat rate on the basis of the minimum wage of Rs. 30, so that the rise in prices over the pre-war period is neutralised as far as possible, so far as the minimum wage is concerned. The grant of such a flat rate to all workers whose wage is actually higher than Rs. 30 will mean that the dearness allowance will form a smaller percentage as the wage rises. This principle has been accepted in practice in the grant of dearness allowance in most cases.

5. The question that remains to be determined is the extent to which the rise in the cost of living can be neutralised for the minimum wage group consistent with the capacity of the industry to pay. Assuming a full neutralisation of 100 per cent. with the average cost of living index number of 279 for 1947, we arrive at the figure of Rs. 49-11-5 as the dearness allowance for the minimum wage. During the same period the average dearness allowance on the old basis which the workers obtained was about Rs. 41. The additional dearness allowance would involve an additional cost of Rs. 2.04 crores. Taking the financial condition of the industry as estimated by the Court in the award for minimum wage, which has substantially come true, we consider that an additional burden of this magnitude cannot be put on

the industry. We have, therefore, come to the conclusion that dearness allowance be calculated to neutralise 90 per cent. of the rise in the cost of living over the minimum wage. Taking the average index number of 279 for the year 1947, the employees getting Rs. 30 as the minimum wage should get a dearness allowance of Rs. 44-11-11 for a month of 26 days.

6. On arithmetical calculation it is found that the rate fixed by us comes to 1.9 pias per day per rise of each point in the cost of living index number over the pre-war figure. The employers should make fresh calculations on this basis for the month of January 1947 and onwards and after deducting the actual amount of dearness allowance already paid to the employees make payment of the arrears of the dearness allowance thus due within two months from the date of the operative part of the award (namely, 20th February 1948). They should continue to pay the dearness allowance hereafter on the revised basis for each month. The calculations should be made to the nearest anna, pias six and more to be reckoned as one anna and pias less than six to be omitted. The amount of dearness allowance will fluctuate according to the rise or fall in the cost of living index number. If, however, the cost of living index number reaches 325 either party will be at liberty to ask for a revision by applying to this Court.

7. In fixing the dearness allowance at 1.9 pias per day for rise of each point in the cost of living index number over the pre-war figure we have taken into consideration the fact that there are cost price grain shops voluntarily run by the Millowners in some of the mills to supply grains at cheaper rates to their employees. Since the employees earn dearness allowance only for the days worked we have also taken into consideration the factor of absenteeism in estimating the burden on the industry. The average absenteeism for 1947 according to the official figures comes to roughly 14 per cent.

8. This disposes of references Nos. 1, 4 and 5 of 1946. As regards other demands, such as medical facilities, co-operative societies, dining sheds, etc., the parties were not keen to press those demands. We do not make any award with respect to those demands. As the subject matter of those demands falls within the scope of the inquiry by the Industrial Conditions Inquiry Committee appointed by Government, we think it would be better to await the Committee's observations and recommendations on that."

(Sd.) K. R. WAZKAR,
Registrar.

(Sd.) H. V. DIVATIA,
President.

BOMBAY, 8th April 1948.

APPENDIX 12.

BONUS FOR COTTON MILL WORKERS FOR 1948.

*Notification No. 169/48, dated 15th November 1948, issued by the Labour Department,
Government of Bombay.*

Whereas the Rastriya Mill Mazdoor Sangh, Bombay, acting as the representative of employees under clause (iii) of section 30 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), has given notices of a proposed change as specified in the annexure under sub-section (2) of section 42 of the said Act ;

And whereas in the opinion of the Provincial Government the said change affects the majority of employers engaged in the cotton textile industry in the local area of the city of Bombay ;

Now, therefore, in exercise of the powers conferred by sub-section (5) of section 43 of the said Act, the Government of Bombay is pleased to declare that the whole of the cotton textile industry in the local area of the city of Bombay is affected by the said change.

ANNEXURE

The employees have suffered and are suffering as a result of their wages falling far below the living wage standard and inadequate dearness allowance. The wages and dearness allowance together fall far short of the living wage standard for the prices prevailing in the year 1948.

On the other hand, the cotton textile industry, including your mill, has made huge profits during the year 1948.

The employees claim that they should be given an adequate and unconditional lump allowance, i.e., bonus, for the year 1948, to make up the deficit in the living wage in the first instance and in addition an adequate share in the profits of the industry. The employees also demand that this bonus should be paid to each employee without any conditions attached, within one month of the closure of the year 1948, and in one instalment.

Notice No. 5654, issued by the Industrial Court, Bombay, in reference No. 39 of 1948 between the Rastriya Mill Mazdoor Sangh, Bombay, and The Millowners' Association, Bombay, and 21 others in the matter of unconditional bonus for the year 1948 to the Association.

Whereas the Rastriya Mill Mazdoor Sangh, Bombay, has made a reference under section 73-A of the Bombay Industrial Relations Act, 1946 (a copy of which is enclosed herewith) in this office, which has been taken on the file, please take notice that you are hereby required to file in this office on or before the 30th December 1948, four copies of the written statement in reply to the said reference. A copy of your written statement may be handed over to the Secretary, Rastriya Mill Mazdoor Sangh, Bombay, and this office may be informed accordingly.

2. The time and the place of hearing will be announced later.

Statement submitted to the Industrial Court at Bombay, in reference No. 39 of 1948, by the Rastriya Mill Mazdoor Sangh, Bombay, representative of employees, under section 30, on 10th October 1948.

Reference under Section 73 (A) of the Bombay Industrial Relations Act, 1946 in the matter of unconditional bonus for the year 1948.

The first party abovenamed begs respectfully to submit as follows :

1. The first party is a registered and qualified union and is a representative of the employees under section 30.
2. The first party is an approved union and its rules provide for the matter specified in clause (vi) of sub-section (i) of section 23.
3. The subject matter of the dispute is not required to be referred to the Labour Court for its decision under the provisions of this Act.
4. The first party is, therefore, making this reference under section 73 (A) and is hereinafter referred to as "the Sangh." The second party is the Millowners' Association, Bombay, an association of employers, for its member mills in the Bombay cotton textile industry, and the rest of the cotton textile mills in Bombay, which are not its members.
5. The Sangh gave a notice of change in Form 'L' under section 42 (2) and rule 52 to nineteen member mills of the Association in the period between the 8th and 10th of November 1948, making the following demands :

" The employees have suffered and are suffering as a result of their wages falling far below the living wage standard and inadequate dearness allowance. The wages and dearness allowance together fall far short of the living wage standard for the prices prevailing in the year 1948.

" On the other hand, the cotton textile industry, including your mill, has made huge profits during the year 1948.

" The employees claim that they should be given an adequate and unconditional lump allowance, i.e., bonus, for the year 1948, to make up the deficit in the living wage in the first instance and in addition an adequate share in the profits of the industry. The employees also demand that this bonus should be paid to each employee without any conditions attached, within one month of the closure of the year 1948, and in one instalment."

The Sangh also requested the Government of Bombay by its letter, dated the 8th of November 1948, to issue a notification in the official *Gazette* under section 43 (5) declaring that the whole of the Bombay cotton textile industry is affected by the changes proposed in the said notice. A copy of the said notice and the letter to the Secretary, Government of Bombay in the Labour Department, is appended hereto as Annexure " A ".

6. The Government of Bombay, by its notification No. 169/48, dated 15th November 1948, declared, in exercise of the powers conferred by sub-section (5) of section 43, that the whole of the cotton textile industry in the local area of the city of Bombay is affected by the said change. A copy of the said notification is appended hereto and marked " B ". Thereafter a statement of the claim was forwarded to the Registrar, B.I.R. Act, 1946, the Chief Conciliator, and the Conciliator for the local area of the city of Bombay under section 54. The Conciliator has not moved during the period, in which he should have moved. The conciliation proceedings therefore are to be deemed to have failed. The Sangh apprehends that, if the abovementioned dispute between the employees and employers is not settled, a serious and prolonged hardship to a large section of the community is likely to be caused. The cotton textile industry is also likely to be seriously and adversely affected. It is also necessary in the interests of the public to get the dispute settled. As all other means of settling the dispute have been exhausted, the Sangh is making this reference to the Industrial Court, Bombay.

7. The demand for bonus is justified on the following grounds.

8. The Bombay cotton textile industry had made extraordinary good profits not only during the war period, but also during the post-war period, compared with the normal period in the pre-war years. The year 1948 has been especially very good and the industry has made practically the peak profits of the war period. On the other hand, the basic wages given to the employees are far below the average in the case of a large number of occupations, and even the average basic wage falls far below the living wage standard for the prices prevailing on the eve of the war. The dearness allowance, which is being paid to the cotton textile employees to compensate the rise in the cost of living over the prices prevailing on the eve of the war, is inadequate and does not compensate even the lower basic scale of wages fully. The basic wages and the dearness allowance together thus fall far below the living wage standard for the prices prevailing in the year 1948. The employees, by their behaviour and actions, have also contributed their share in making these huge profits. The removal of the excess profits tax since 1947 has considerably added to the already large surplus left with the industry. The subsequent taxes thereafter have been comparably much less, resulting in the stabilisation of the industry. The society has recognized the need of a contented labour, and the advantage of the improved position of the industry must in the first instance go to bring the standard of life of the employees to a living wage standard.

9. The Government policy as announced recently from time to time by its spokesmen, has stressed the importance of a fair deal to the employees by assuring them a fair living wage and a fair share in the profits of the industry. Recent changes in the taxes brought about were definitely with a view to giving increased production. The advantage must, therefore, be given to the employees by creating incentives not only to capital for increased production, but also to labour.

10. The industry is already stabilised and will have with it sufficient profits even after satisfying the full demand on behalf of the employees.

11. The industry is given much more incentive and the capital has been assured of an unexpected return. The Sangh submits that the return allowed to capital is far beyond what is fair and reasonable.

12. The employees should not only be raised to a minimum living wage standard but should improve their standard of life as the profits permit. The first claim on the profits till the real living wage standard is reached is the employees'. After satisfying this, any surplus profits left with the industry should be equitably distributed and divided between capital, labour, Government and the consumers.

13. The shareholders, the managing agents and everybody also concerned with the industry, except the employees, have earned fabulously in recent years and hence need not be given anything more than a fair minimum.

14. In view of the large surplus liquid assets and the sound position of the industry, no further reserves need to be built till the workers have attained the living wage standard. However, if the Hon'ble Court allow the industry to build any reserves out of these funds, the reserve for equalisation of bonus should also be built to meet the requirements of the employees in times of depression. The amount of both these reserves should depend upon the gross profits.

15. In an acquisitive society of to-day, where the profit motive governs production, we are far from that ideal state of society where there will be neither any scope for exploitation on the one hand, nor concentration of wealth arising from profits on the other. We are in that state of the industrial development, where all productive agencies should really function for the satisfaction of the community and not for personal profits of the proprietor or a small circle of shareholders. When the industry would be nationalised in the true sense of the word, there will be no profits and prices will be fixed under the planned economy. Even if profits accrue, they will be reserved for emergencies and used for the general good of the community. But, as we have not yet reached that stage in the market economy of to-day, profits are bound to be there and they will also fluctuate from time to time. Therefore, it becomes necessary to consider how to deal with such surpluses. Before offering concrete suggestions for the distribution of this surplus, it is necessary to understand the nature of this surplus and its genesis. To-day everybody concerned in the industry is not treated on the same footing. The employer and the shareholder take away much more than the employee and much more than what is fair and reasonable. The State also shares from the surplus. It is the employee alone, who is deprived of his adequate share in the surplus. It is, therefore, submitted that the first charge on the surplus should be that of the employees, and this surplus should further be utilised to augment their wages, especially when they are not paid a living wage. If the employee has to forgo his living wage, the employers should also be satisfied with only a fair return, i.e., draw a minimum commission, allocate depreciation under Income-tax Rules and pay shareholders interest at the rate of not much higher than in the Gilt-edged securities and that too only on paid-up capital. The remaining surplus could be made available for distribution amongst wage-earners to bring up the average national wage. The Government, in order to retain this return on capital with the industry, may appropriately tax the industry and the whole of the surplus should be paid to the employees to make up the deficit in their living wage.

16. The question of bonus should be fixed at the end of every year. The Court has already accepted the bonus as a deferred wage and also an industrial claim. Moreover, when the Industrial Court awarded bonus for the year 1946, most of the conditions, which worked unfairly and against the interests of the employees, were removed. However, three conditions, which were against the interests of the employees, still remain.

- (i) The limit of 75 days for the full amount of bonus and 32 days for half the amount of bonus works hard. There should be no limit and every employee should get the same fixed proportion of his earnings as bonus.

- (ii) An employee dismissed for misconduct has also been deprived of his bonus. The majority of the misconducts, for which a worker is dismissed, are not such as to deprive him of his service as well as his bonus
- (iii) The third condition, which works hard, is the time allowed for making the application by the workers, who are not in service. This time limit is too short and, moreover, it contravenes the provisions of the Payment of Wages Act. Therefore, relevant clause should read as follows.—

"Persons, who are eligible for bonus, but who are not in the service of the mill on the date of payment, shall be paid in one lump sum on provided claims in writing are submitted, to the Manager of the mill concerned before . The words "after which no application for bonus shall be entertained" should be eliminated from sub-para (6) of para 1 of the Award of the Hon'ble Court, dated 20th March 1948.

17. Even the Textile Labour Inquiry Committee has considered this aspect and has opined that for periodical bonus depending upon profits, no conditions in the earnings thereof should be attached and the employees should not be made to suffer unnecessarily.

18. The best method for distributing bonus as a share in the profits is to relate it to the wages earned during the year. It is, therefore, submitted that the Bombay cotton textile employees should be paid unconditional bonus (i) to make up the deficit in their living wage standard, and (ii) in addition, an adequate share in the profits which would then remain. The quantum should be decided and should be paid within one month of the date of the Award.

19. The Sangh submits that the employees have suffered and are suffering as a result of their wages falling far below the living wage standard and inadequate dearness allowance. The wages and dearness allowance together fall far short of the living wage standard for the prices prevailing in the year 1948. On the other hand, the cotton textile industry has made huge profits during the year 1948.

20. The Sangh, therefore, prays that the employees be given an adequate and unconditional lump allowance, i.e., bonus, for the year 1948, to make up the deficit in the living wage in the first instance and in addition an adequate share in the profits of the industry. The Sangh further prays that this bonus should be paid to each employee without any conditions attached, within one month of the closure of the year 1948, and in one instalment.

21. The Sangh shall furnish the details of how to distribute profits at the time of the hearing after getting the necessary data.

The Sangh begs to amend, add to or make alterations in the above statement of claim, if and when necessary.

ANNEXURE "A"

Letter No. RM.968-48/49, addressed by the Rastriya Mill Mazdoor Sangh (Bombay), dated 8th November 1948, to the Secretary, Government of Bombay, Labour Department, Bombay.

We are enclosing herewith copies of the notices of proposed changes given to some of the mills in Bombay under section 42 (2) of the Bombay Industrial Relations Act, 1946. A few more such notices will follow soon.

You will see from the nature of the notices that the proposed change affects all the employees in the Bombay cotton textile industry. It is, therefore, really a general issue. The conciliation by individual mills will not lead to any result and will on the contrary delay the proceedings unnecessarily.

We are not hopeful that the Millowners' Association, Bombay, is likely to settle this question by mutual negotiation and we also feel from our previous experience that the attitude of the Millowners' Association, Bombay, is not likely to be helpful. The Association may not propose within 7 days from to-day (i.e., the date of notice of the proposed change) to give a special notice under section 43 (2) that other employers (other member mills in Bombay to be specified in such special notice) are affected by such changes.

We have therefore to request you that the Provincial Government, by issuing a notification in the official *Gazette*, declare under section 43 (5) of the Bombay Industrial Relations Act, 1946, that the whole of the Bombay cotton textile industry is affected by the changes proposed in our notices and oblige

The Kurla Girni Kamgar Sangh, which is a representative union for the local area of the Kurla Municipal Borough, is giving such separate notices of proposed changes in a day or two

We have given the accompanying notices as representatives of employees under section 30 (iii) of the Bombay Industrial Relations Act, 1946

We have, therefore, to request you to kindly move in the matter as early as possible and do the needful and oblige

FORM ' L '.

(Section 42 (2) and rule 52)

Notice of change to be given by employee to employer

Rastriya Mill Mazdoor Sangh, Bombay, representatives of employees

In accordance with the provisions contained in sub-section (2) of section 42 of the Bombay Industrial Relations Act, 1946, we hereby beg to give you notice that we desire changes specified in the Annexure to this letter (below)

ANNEXURE

Statement of the case

The employees have suffered and are suffering as a result of their wages falling far below the living wage standard and inadequate dearness allowance. The wages and dearness allowance together fall far short of the living wage standard for the prices prevailing in the year 1948.

On the other hand, the cotton textile industry, including your mill, has made huge profits during the year 1948.

The employees claim that they should be given an adequate and unconditional lump allowance, i.e., bonus, for the year 1948, to make up the deficit in the living wage in the first instance and in addition an adequate share in the profits of the industry. The employees also demand that this bonus should be paid to each employee without any conditions attached, within one month of the closure of the year 1948, and in one instalment.

ANNEXURE " B ".

Notification No. 169/48, dated 15th November 1948, issued by the Labour Department, Government of Bombay.

Whereas the Rastriya Mill Mazdoor Sangh, Bombay, acting as the representative of employees under clause (iii) of section 30 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947) has given notices of a proposed change as specified in the annexure under sub-section (2) of section 42 of the said Act,

And whereas in the opinion of the Provincial Government the said change affects the majority of employers engaged in the cotton textile industry in the local area of the city of Bombay,

Now, therefore in exercise of the powers conferred by sub-section (5) of section 43 of the said Act, the Government of Bombay is pleased to declare that the whole of the cotton textile industry in the local area of the city of Bombay is affected by the said change.

Annexure.

The employees have suffered and are suffering as a result of their wages falling far below the living wage standard and inadequate dearness allowance. The wages and dearness allowance together fall short of the living wage standard for the prices prevailing in the year 1948.

On the other hand, the cotton textile industry, including your mill, has made huge profits during the year 1948.

The employees claim that they should be given an adequate and unconditional lump allowance, i.e., bonus, for the year 1948, to make up the deficit in the living wage in the first instance and in addition an adequate share in the profits of the industry. The employees also demand that this bonus should be paid to each employee without any conditions attached, within one month of the closure of the year 1948, and in one instalment.

*Copy of letter No 33 dated 4th January 1949, from the Association to the Registrar,
Industrial Court, Bombay*

**Subject : REFERENCE No 39 of 1948 --THE RASTRIYA MILL MAZDOOR SANGH AND THE
MILLOWNERS' ASSOCIATION, BOMBAY, AND 21 OTHERS.**

With reference to your reference dated 14th December 1948, as desired therein, I enclose herewith four copies of the preliminary written statement in the above matter. A copy of the said written statement has been separately sent to the Secretary, Rashtriya Mill Mazdoor Sangh, Bombay.

Preliminary Written Statement filed by the Millowners' Association, Bombay, on behalf of its member mills in the Industrial Court at Bombay. Reference No 39 of 1948 between the Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay, and 22 others. Reference under Section 73 (A) of the Bombay Industrial Relations Act, 1946, in the matter of Unconditional Bonus for the year 1948, on 4th January 1949

May it please the Hon'ble Court,

The Millowners' Association, Bombay, begs to submit as under :—

1 The reference to this Hon'ble Court of the above mentioned dispute by the Rashtriya Mill Mazdoor Sangh, under section 73 (A), is incompetent, inoperative and void in law, and this Court has no jurisdiction to entertain the same as the reference under section 73 (A) is not validly made.

2 The Rashtriya Mill Mazdoor Sangh is a registered and qualified union under the Bombay Industrial Relations Act. But it is disputed that the said Sangh is representative of all the employees in the cotton textile industry in the city of Bombay. The said Sangh being only a qualified union, is entitled under section 30 (iii) of the B.I.R. Act, to act as a representative to employees only in the event of the union being authorised in the manner prescribed under rule 45 of the Bombay Industrial Relations Act. It is submitted that the said qualified union is not authorised by all the employees of the cotton textile industry in the city of Bombay, as prescribed under the said rule.

3. The demand put forward by the Rashtriya Mill Mazdoor Sangh on behalf of its members, *vide* the Notice of Change given in Form 'L' under section 42 (2) of the B.I.R. Act, has now been made a general issue and the demand on behalf of all the employees in the cotton textile industry by virtue of the Government of Bombay, exercising its powers under sub-section (5) of section 43 by issuing a notification in that regard, being notification No. 169/48, dated 15th November 1948

4. The only union that is competent to make a reference under section 73 (A) of an Industrial Dispute to the Arbitration of this Hon'ble Court is a union which is representative of employees which means a representative of all the employees concerned. The said Rashtriya Mill Mazdoor Sangh, though a qualified union, is not a representative of all the employees concerned in the dispute.

5. The Notice in Form 'L' was served only on 19 member mills in the first instance and as the matter has now been made a general issue by the Government, the said qualified union, before it can act as a representative of all the employees concerned, should be authorised in the manner prescribed under rule 45 by the employees concerned. The employees concerned have not authorised the qualified union in the prescribed manner. Such being the case, a qualified union cannot make a reference under section 73 (A) of the B.I.R. Act and has no *locus standi* to make such an application to the Industrial Court.

6. The Millowners' Association begs to submit that the Court may be pleased to fix a date for preliminary hearing to decide this question of law which touches the very root of the reference and makes the reference incompetent and void in law and further begs to reserve its right to file a detailed written statement on merits if necessary, after the decision on the point of law raised in this preliminary statement.

7. The Millowners' Association craves leave to add to, amend or alter the foregoing if and when necessary and to file such other statements as may deem fit, proper and expedient.

8. And that for the aforementioned reasons it is prayed that this Hon'ble Court may be pleased to decide that the reference by the qualified union under section 73 (A) is incompetent and void in law and therefore reject the reference.

Order No. 7 of 1949, dated 18th January 1949 in the dispute between the Rashtriya Mill Mazdoor Sangh, Bombay, and the Millowners' Association, Bombay, of the Industrial Court, Bombay, in Reference No. 39 of 1948.

This reference is made under section 73A of the Bombay Industrial Relations Act, 1946, by the Rashtriya Mill Mazdoor Sangh, Bombay (to be referred to hereafter as "the Sangh") who claim to be the representative of the employees in the cotton textile industry in Bombay under section 30 of the Act. The Millowners' Association, Bombay, and certain mills and factories have been named therein as the second party. The reference arises out of notices of change given originally by the Sangh under section 42 (2) of the Act to 19 mills which are members of the Millowners' Association between the 8th and the 10th November 1948, making a demand for bonus for the year 1948 and an adequate share in the profits of the cotton textile industry in Bombay. On the 8th November 1948, the Sangh requested the Government of Bombay to issue a notification under section 43 (5) of the Act declaring that the whole of the industry was affected by the change demanded. The Government of Bombay by a notification dated 15th November 1948 made a declaration accordingly. Within a week thereafter the Sangh forwarded a full statement of their case to the Conciliator for the local area and the other officers named in section 54. Therein they claimed to be the representatives of the employees in the industry in the local area of the Bombay City under section 30, clause (iii).

2. Sir Jamshedji Kanga for the Millowners' Association, has contended that this reference is incompetent on the ground that the Sangh is not entitled to act as the representative of the employees in the industry in question in the local area of the city of Bombay within the meaning of section 30. That section gives a list of the unions and persons who

are entitled, in the order of preference specified therein, to act as such representatives. Under clause (i) of the said section a representative union for the industry is entitled to act as such representative, under clause (ii) a qualified or primary union of which the majority of employees directly affected by the change concerned are members is such representative; and under clause (iii) such a representation goes to "any qualified or primary union in respect of such industry authorised in the prescribed manner in that behalf by the employees concerned." Then follow three more clauses with which I am not concerned in this reference. There is no representative union for the textile industry in Bombay, and the Sangh is a qualified union. It is clear, therefore, that clause (i) does not apply. Clause (ii) also does not apply because the majority of employees directly affected by the change concerned are not members of the Sangh. The Sangh had 42,683 members in November 1948, while the total number of employees who are, in consequence of Government notification, directly affected is 2,35,000.

3. The original dispute first went to a Conciliator. Mr. Shah on behalf of the Rastriya Mill Mazdoor Sangh has contended that as originally the dispute concerned the employees of the 19 mills to whom the Sangh gave the notice of change, only those employees would be "the employees directly affected by the change concerned." That contention must fail as now, by the Government notification, all the employers and all the employees in the industry have been brought within the dispute. The Sangh has claimed to be the representative of the employees by virtue of clause (iii) of section 30. The question that arises, therefore, is whether the Sangh fulfils the conditions of the said clause. If they are not fulfilled, the claim of the Sangh to be the representative of the employees within the meaning of section 30 must fail and the reference must be held incompetent.

4. The said clause speaks of authorisation in the prescribed manner. The prescribed manner is laid down in rule 45 of the Bombay Industrial Relations Rules, 1947, as follows :—

"Employees desiring to authorise under clause (iii) of section 30 any qualified or primary union in the industry in which they are employed shall do so through their elected representatives who shall inform in writing to that effect the employer concerned, the Registrar, the Conciliator for the industry in the local area and the Labour Officer for the local area :

"Provided that where there are no elected representatives of the employees concerned such authority and intimation shall be given through the employees, not exceeding five, selected by them for the purpose."

No such authority was given by the employees in the industry, nor does it appear that any such information in writing was given to any of the persons or officers named under the rule. It seems to me that the word "employees" in the said rule must be interpreted to mean all the employees concerned, i.e., all the employees in the industry, in view of the Government notification. Mr. Shah in contending that the expression "employees concerned" means the employees of the 19 mills which received the notices of change given by the Sangh, has relied on the fact that the conciliation proceedings were originally held as regards those employees and no other, and that as no other employees can be said to have become parties to the proceedings before the Conciliator, the expression "employees concerned" cannot include any employees working outside the 19 mills. According to him this is also indicated by sub-section (2) of section 54 of the Act. He has, therefore, contended that the expression "employees concerned" must be interpreted to include only the employees represented by the qualified or primary union mentioned in clause (iii) of section 30. If that was the intention, the words "of such industry authorised in the prescribed manner in that behalf by the employees concerned" would be redundant, and the words "any qualified or primary union" in clause (iii) would have been sufficient, for presumably a qualified union has authority to act for its own members. The dispute, however, has now become general, and it seems to me, therefore, that "employees concerned" must be held to mean, in the context of the present dispute, to be employees in the whole industry. Mr. Shah has next urged that the scheme of representation in the Act has been introduced with the object of facilitating collective bargaining and that the intention of the legislature, when clauses (i) and (ii) do not apply, is to achieve this object by making a qualified union, where one is in existence, the representative of the employees. If that was the intention of the legislature, it has certainly failed to state this in clear and unambiguous language; on the other hand, it appears to have

indicated its intention of making a qualified union a representative of employees, in case of failure of the earlier clause, only in the contingency stated, viz., when it is authorised in the prescribed manner by the employees concerned. Mr. Shah next referred to the definition of 'industry' in section 3 (19) of the Act and contended that even an undertaking would be an industry. That would undoubtedly be true in certain circumstances, but the language used in clause (iii) is "such industry" and refers clearly to "an industry in any local area" in the first part of the section, which in view of the notification issued by Government must in the present case mean the entire cotton textile industry in the local area of the city of Bombay. The argument advanced by Sir Jamshedji, therefore, must prevail and I hold that the Sangh is not the representative of the employees in the industry in question within the meaning of section 30 of the Act, and that, therefore, the present reference is incompetent. The reference is accordingly rejected.*

*Notification No. 169/48, dated 27th January 1949, issued by Labour Department,
Government of Bombay.*

Whereas industrial disputes have arisen between the employers named in the annexure and their employees (hereinafter referred to as the "said industrial disputes") in respect of the demand for payment of an adequate and unconditional lump allowance, i.e., bonus for the year 1948 in one instalment and in addition an adequate share in the profits of the industry;

And whereas the Provincial Government is satisfied that the said industrial disputes are not likely to be settled by other means;

Now, therefore, in exercise of the powers conferred by section 73 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), the Government of Bombay is pleased to refer the said industrial disputes to the arbitration of the Industrial Court.

ANNEXURE.

(1) The Millowners' Association, Bombay; (2) Acme Thread Co., Limited, Bombay; (3) Amritlal Harjivandas and Company, Bombay; (4) Anwar Textile Mills, Bombay; (5) B. K. Dalal Knitting Factory, Bombay; (6) Bankdum Industries Limited, Bombay; (7) Bombay Textile Limited, Bombay; (8) Calcuttawala Tape Works, Bombay; (9) Diamond Surgical Works, Bombay; (10) Eastern Tape Manufacturing Co., Ltd., Bombay; (11) Kathiawar Textile Mills, Bombay; (12) Lokmanaya Textile Mills, Bombay; (13) Modern Textile Manufacturing Co., Bombay; (14) National Cotton Products Ltd., Bombay; (15) New India Textiles, Bombay; (16) Samarth Engineering and Weaving Co., Ltd., Bombay; (17) Sunrich Mills, Bombay; (18) Suryakant Textile Mills, Bombay; (19) Swastik Textile Mills Ltd., Bombay; (20) Universal Textiles, Bombay; (21) Universal Textiles, Ltd., Bombay; (22) Venus Silk Mills, Bombay; (23) Bombay Cotton Waste Mill, Bombay.

*Notification No. 169/48, dated 8th February 1949, issued by the Labour Department,
Government of Bombay.*

In exercise of the powers conferred by section 73 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), the Government of Bombay is pleased to amend Government notification, Labour Department, No. 169/48, dated the 27th January 1949 as follows, namely :—

In the annexure to the said notification, after entry No. 23, the following entries shall be inserted, namely :—

" (24) Apollo Mills Ltd., Bombay; (25) Bombay Dyeing and Manufacturing Co., Ltd. (Spring Mill), Bombay; (26) Bombay Dyeing and Manufacturing Co., Ltd. (Textile Mills), Bombay; (27) Bradbury Mills Limited, Bombay; (28) Century Spinning and Manufacturing Co., Ltd., Bombay; (29) Colaba Land and Mills Co., Ltd., Bombay; (30) Crown Spinning and Manufacturing Co., Ltd., Bombay; (31) David Mill Limited, Bombay (Hind Mills); (32) Dawn Mills Co., Ltd., Bombay; (33) Dhanraj Mills Ltd., Bombay; (34) Digvijaya Spinning and Weaving Co., Ltd., Bombay; (35) Edward Textile Ltd., Bombay; (36) Elphinstone Spinning and Weaving Mills Co., Ltd., Bombay; (37) Finlay Mills Ltd., Bombay;

(38) Gold Mohur Mills Ltd, Bombay; (39) Hindustan Spinning and Weaving Co., Ltd., Bombay, (40) Hirjee Mills Co., Ltd., Bombay, (41) India United Mills Ltd., Mill No 1, Bombay, (42) India United Mills Ltd, Nos 2 and 3, Bombay, (43) India United Mills Ltd., No 4, Bombay, (44) India United Mills Ltd., No 5, Bombay; (45) Indian Manufacturing Co., Ltd., Bombay; (46) Jam Manufacturing Co., Ltd., Mill No 1, Bombay; (47) Jam Manufacturing Co., Ltd., Mill No 2, Bombay; (48) Jubilee Mills Ltd., Bombay; (49) Kamala Mills Ltd., Bombay; (50) Khatau Makanj Spinning and Weaving Co., Ltd., Bombay; (51) Kohinoor Mills Co., Ltd, Mills Nos 1 and 2, Bombay, (52) Madhavji Dharamai Manufacturing Co., Ltd., Bombay; (53) Madhusudan Mills Ltd., Bombay; (54) Meyer Mills Ltd, Bombay, (55) Modern Mills Ltd., Mill No. 1, Bombay; (56) Modern Mills Ltd., Mill No 2, Bombay; (57) Moon Mills Ltd., Bombay; (58) Morarjee Goculdas Spinning and Weaving Co., Ltd., Bombay; (59) New China Mills Ltd., Bombay; (60) New City of Bombay Manufacturing Co., Ltd., Bombay, (61) New Great Eastern Spinning and Weaving Co., Ltd., Bombay, (62) New Kaiser-I-Hind Spinning and Weaving Co., Ltd., Bombay; (63) New Pralhad Mills Ltd., Bombay; (64) New Sun Mills Co., Ltd., Bombay; (65) New Union Mills Ltd., Bombay; (66) Phoenix Mills Ltd., Bombay; (67) Podar Mills Ltd., Bombay; (68) Raghuvanshi Mills Ltd., Bombay; (69) Ruby Mills Ltd., Bombay; (70) Seksaria Cotton Mills Ltd, Mills No 1, Bombay; (71) Seksaria Cotton Mills Ltd., Mills No 2, Bombay (Prakash Cotton), (72) Sassoon Spinning and Weaving Co., Ltd., Bombay, (73) Shree Ram Mills Ltd., Bombay; (74) Shri Niwas Cotton Mills Ltd., Bombay; (75) Simplex Mills Co., Ltd, Bombay, (76) Sir Shapurji Broacha Mills Ltd., Bombay, (77) Standard Mills Co., Ltd, Bombay; (78) Swan Mills Ltd, Bombay; (79) Tata Mills Ltd, Bombay, (80) Victoria Mills Ltd, Bombay; (81) Western India Spinning and Manufacturing Co., Ltd., Bombay, being members of the Millowners' Association, Bombay

APPENDIX 13.

PROFIT-SHARING IN INDUSTRY

Copy of letter No. I(4)-10/1, dated 1st June 1948, from the Joint Secretary to the Government of India, Ministry of Industry and Supply, to the Association.

At their first meeting held on the 28th and 29th May 1948, the Committee of Experts constituted by Government in Ministry of Industry and Supply Resolution No I(3)-43(36)/48, dated 25th May 1948, decided to invite the views of representative organisations of employers and labour and of certain economists and individuals on the points raised in the Government Resolution quoted above and connected matters. I am, therefore, directed to request you to communicate the views of your Association on these points not later than the 15th June 1948 to Mr B. B. Saksena, Assistant Secretary in this Ministry. If it is further desired that these views should be expressed in person, please communicate the name of your representative to Mr Saksena. The Committee will be sitting from the 25th of June onwards and the date on which your representative should attend will be communicated to you by telegram.

*Resolution of the Ministry of Industry and Supply, Government of India,
No. I(3)-43(36)/48, dated 25th May, 1948.*

In pursuance of paragraph 9 of their Resolution, dated the 6th April 1948 on Industrial Policy, the Government of India propose shortly to constitute a Central Advisory Council. The main function of this body will be to advise Government on the principles to be followed for the determination of—

- (a) fair wages to labour,
- (b) fair return on capital employed in the industry,
- (c) reasonable reserves for the maintenance and expansion of the undertaking, and
- (d) labour's share of the surplus profits, calculated on a sliding scale normally varying with production, after provision has been made for (b) and (c) above.

The Government of India agree with the view expressed at the recent Labour Conference that subjects (b), (c) and (d) are of such a complex nature as to require preliminary study by experts in order to facilitate detailed consideration by the Central Advisory Council. They have accordingly decided to appoint a Committee of Experts consisting of the following members :—

1. Sir Biren Mookerjee.
2. Mr. A. D. Shroff
3. Mr. S. P. Jain
4. Prof. Radha Kamal Mukherjee
5. Mr. Asoka Mehta
6. Mr. Khandubhai K. Desai.
7. Mr. V. S. Karnik, and

not more than two representatives each of the Ministry of Industry and Supply, Ministry of Labour, Ministry of Finance and Ministry of Commerce

The Committee is requested to pay particular attention to the following points —

(1) How should " capital employed in the industry " be determined ?

(2) How should depreciation and taxation be treated for the purpose of arriving at the gross profit to be allocated between capital, labour and reserves ?

(3) What are the purposes for which provision should be made by way of reserves and what should be the extent of such reserves ?

(4) What should be a fair return on capital employed in the industry ? Should it be at a uniform rate for all industries or should the rate vary from industry to industry and, if so, on what principles ? If the fair return is not reached in some years, should provision be made for making it up later, and, if so, how ?

Note —The fair return should be such as not to discourage adequate investment

(5) Should the fair return on capital employed in an industry vary with the level of taxation if the industry is—

- (a) a joint stock company, or
- (b) a private company ?

(6) How should labour's share of the surplus profits (after making provision for fair return on capital and reasonable reserves) be determined on a sliding scale normally varying with production ?

(7) Should surplus profits be shared every year or should a part be held in reserve for equalisation or any other purpose such as provision against past or future losses ?

(8) How should labour's share of the distributable profits, as determined under (6) and (7) above, be distributed, that is, whether by each undertaking or by each industry or by industry as a whole in each region or for all industrial undertakings in the country or by a combination of these methods ?

(9) How should Government undertakings be treated for (1) to (8) above ?

(10) What should be the nature of the machinery for the determination of fair return, etc., on the principles finally accepted by Government ?

(11) If, in the light of the considerations mentioned above, profit-sharing appears impracticable, what, if any, are the alternatives available to give effect to the principles underlying Government's declared policy ?

Copy of letter No. 33-C, dated 24th June 1948, from the Association to the Assistant Secretary to the Government of India, Ministry of Industry and Supply, New Delhi

I am directed to acknowledge the receipt of your letter No. T(4)-10/1, dated the 1st June 1948, wherein my Committee have been requested to communicate their views on certain points raised in Government Resolution No. I(3)-43(36)/48, dated the 25th May 1948, regarding fair wages to labour and fair return on capital, etc. My Committee's replies to the various questions are as under :—

Questions 1 to 10.—In view of our reply to question No. 11, we do not consider it necessary for us to reply to questions 1 to 10

Question 11.—The Committee of the Association gave very careful consideration to the whole problem in the light of the Industrial Truce Resolutions, the Government of India's resolution on industrial policy, and the issues raised in questions Nos. 1 to 10 of the Government questionnaire under reference, and came to the conclusion that it would be both unfair and impracticable to introduce any system of profit-sharing in the industries in general, and in the cotton textile industry in particular, with which my Association is primarily concerned. India now stands at the threshold of a vast industrial expansion, and since the decisions that will be taken on these issues will determine the future course of the country's economy, my Committee desire to place before Government, the considerations which weighed with them in arriving at this conclusion.

In the first place, industrial profits depend on a large number of factors with which labour has nothing to do, such as, for instance, the degree of efficiency of general management, prudent purchase of raw materials, and control over their consumption, efficiency of the productive machinery, constant scientific research and improvement in methods of production, the general economic and financial situation and prudent direction of business in the light of rapidly changing circumstances. The part played by labour in the actual act of production is but only one of these multitudinous factors, and the most appropriate and just manner in which its proper due for the part played by labour can be assessed and given to it, irrespective of the profits or losses made by the concern, is by payment of adequate wages. If the labour is to be given a share in surplus profits from the standpoint that workers and shareholders are partners in a concern, then it is only fair that both workers and shareholders should also share the losses in times of depression, a proposition which the workers will never accept. So far as the textile industry is concerned, the workers' interests in all the important centres of industry have been secured by statutory standardisation of wages which have to be maintained even during lean years, whereas the shareholders will get no such guaranteed minimum return. This, my Committee feel, would not be just to investors who have risked their savings in industrial ventures

Turning to the practical aspect of the matter, there are in vogue various types of profit-sharing bonus schemes, and most of them have been tried out extensively in Britain, U.S.A. and France. In spite of the fact that the working classes of these countries are generally more enlightened than those of our country, the majority of these schemes have failed, and a large number have come to an end within a few years of their inception, the reasons for their failure principally being the following :—

(a) There is usually a feeling of distrust in the minds of workers with regard to profit-sharing schemes. This leads to suspicion among workers that the management somehow or the other tries to deprive them of their due share in the profits.

(b) It is because of such suspicion that the labour generally tend to have a preference for an improvement in ordinary wages and general conditions, rather than have a share from the profits, which, according to them, is a very uncertain factor.

(c) In normal times, the addition to wages by way of profit-sharing will be so small that it would fail to serve as an incentive for better production.

(d) When profits begin to dwindle, it inevitably leads to a general discontent among workers, who then attempt to interfere with the management, with disastrous effects on industrial harmony

(e) Workers of different undertakings get different amounts as a share of profits and when this happens in the case of adjoining undertakings, or undertakings in the same centre, it gives rise to discontent among labour, accompanied by strikes, migration, absenteeism, etc., and a consequential drop in production.

Any statutory fixation of the basis for profit-sharing would create an erroneous impression in the minds of workers that profits are a constant feature of the industry. When the profits begin to dwindle or disappear, the disillusioned workers will feel a sense of frustration, and will slacken their effort.

There are certain other aspects also which militate against the formulation of a profit sharing scheme which would be just and fair to all. The scheme will have to take care of concerns whose capital structures differ widely from each other. If sufficient care is not bestowed on this aspect, extravagant spending on capital assets will receive an impetus, doing a great harm to the economic structure of our industries. It is also not practicable to devise a scheme which would be equitable to concerns differing widely in the proportion of their wages bill to the total expenditure.

My Committee particularly desire to stress the serious handicap that would be placed in the way of new industrial concerns. The difficulties of new concerns must receive special consideration in the context of the desirability for accelerating industrial expansion of the country. New concerns require comparatively very much larger expenditure on capital assets and it will take a long time before they begin to earn profits sufficient to give even a fair return to capital. They would not be in a position for a number of years to distribute any profit-sharing bonuses, in the absence of which they would find it difficult to attract labour, who would generally prefer the older undertakings giving better prospects of a profit-sharing bonus.

Determination of "surplus" profits entails the fixation of a certain fair return to capital at uniform rate, even if the rate were to vary from industry to industry or region to region, and this would have all the drawbacks of allowing the manufacturers a fixed margin of profits. The most important of these is the lack of initiative to increase efficiency and reduce costs. In other words, any method of limiting the return on capital will kill the effective sanctions of the competitive price mechanism, which provide in normal conditions the best safeguards for the consumer.

It will be clear from the above that, apart from the practical difficulties of devising a scheme of profit-sharing which would answer the conflicting requirements of concerns of widely different character, the introduction of any such scheme is bound to create unnecessary friction between employers and employees and will fail to achieve the very object underlying the Industrial Truce Resolutions, namely, to secure peace and contentment, and an increase in the industrial production.

My Committee, of course, have every desire to stand by the principles enumerated in the Industrial Truce Resolutions, and they are of the opinion that the most effective way of increasing production is the payment of production bonus every month, instead of the payment of an annual share in profits. The production bonus should vary in such a manner as to give to the more skilled and efficient worker a higher quantum than that to a less skilled or a less efficient worker. Such a bonus paid at frequent intervals would provide an incentive for skill and efficiency, and will give true effect to the object underlying the Truce Resolutions.

My Committee would also like to invite Government's attention to the very pertinent observations on this subject made by the Adjudicator, Mr. Shivapujan Rai, in his award in the industrial dispute between Messrs. Bird & Co. and their employees, published in the *Bihar Government Gazette* dated 10th April 1948, extracts from which are enclosed herewith for ready reference.

My Committee have nominated Mr. Dharamsey Mulraj Khatau (c/o the Khatau Makanji Spinning and Weaving Co., Ltd., Laxmi Building, Ballard Pier, Fort, Bombay).

as the Association's representative to elucidate before the Expert Committee our views in person, and Mr. Tricumdas Dwarkadas as Adviser. I confirm having sent yesterday in this connection a telegram informing you of the names of the Association's representative and adviser. I shall be glad if you will kindly send to this office for information a copy of your communication to Mr. Khatau informing him of the time and date when he should attend the meeting of the Expert Committee.

Profit-sharing Bonus.

The following are extracts from the Award of the Adjudicator, Mr. Shrivapujan Rai, in the industrial dispute between Messrs. Bird & Co and their employees in (1) Kumardhubi Engineering Works, (2) Eagle Rolling Mills and (3) Kumardhubi Fire-clay and Silica Works at Kumardhubi in the district of Manbhum, appearing in the *Bihar Gazette* dated 10th April 1948 :—

Discussion on question No 2 has since been finished and I must give my award on that question. It relates to the introduction of a profit-sharing bonus scheme by all the three companies concerned. Dr. Waight who has appeared as counsel for the companies has advanced an exhaustive argument dealing with the question from all possible points of view. He has begun by analysing various types of profit-sharing bonus schemes with a view to showing that some are very bad and some are not so bad. Finally he has contended that whatever may be the merits of various types of profit-sharing bonus schemes none of them is in principle satisfactory and none of them can be applied to these concerns in the particular circumstances which exist. By way of illustration Dr. Waight has mentioned that the type of scheme under which wages for a certain fixed period are paid as a profit-sharing bonus is the worst scheme which can be thought of. The most objectionable part of such a scheme, according to him, is that it makes provision for payment of a profit-sharing bonus without ensuring a fair or—for the matter of that—any return on the capital invested. The next worst scheme is, according to him, the Burnpur Scheme which provides for payment of wages for certain periods in proportion to the rates of dividends declared. Under this scheme payment of profit-sharing is started before the shareholders get the minimum return on their capital. Another type of scheme is that in which the profit-sharing bonus is paid after the dividend reaches a certain percentage which may be called "X". Unless "X" is a reasonably fair figure, adequate return on capital will not be ensured under this scheme either. One general argument advanced by him against all these schemes is that they prove unworkable in bad times. The fourth type of scheme, according to Dr. Waight, is that which I introduced in the Tatanagar Foundry Company and he urges that it is a best type of scheme because it ensures a fair dividend to the shareholders and then distributes the balance of the profits between the labour and capital in a certain proportion.

Dr. Waight has pointed out that one common feature of most of these schemes is that provision is first made for payment of dividends at a certain rate and, secondly, in no case the dividend is fixed below 5 per cent. though in several cases it is as high as 10 per cent. Another circumstance which he points out is that generally about 10 to 12 per cent. of the profits is allotted for distribution as a profit-sharing bonus scheme. Dr. Waight has urged very strongly that dividends to shareholders should not drop below 10 per cent. as a result of the introduction of any profit-sharing bonus scheme as the market rates of interest in this country are higher than in England and the operating risks are greater. Another limitation suggested by him is that the amount to be distributed amongst the employees should not exceed 10 or 12 per cent. of the surplus profit because this is the maximum so divided in England where experience of such schemes has been wider than in India. He has further urged that very careful attention should be paid to the structure of a company in introducing or preparing a profit-sharing bonus scheme.

He has also raised a legal question, namely, whether framing of a profit-sharing scheme comes within the definition of an industrial dispute. His point of view is that the reward to labour is wages and that of the capital a dividend. If a workman is given a share in the profit, he, so to say, ceases to be a workman to that extent and is transferred into the category of a partner in the enterprise and, therefore, a dispute between a partner and the management

cannot be settled by an Industrial Tribunal. He further points out that the dispute regarding the introduction of a profit-sharing bonus does not come within the scope of the Industrial Disputes Act as it does not relate to the term of employment or to the conditions of labour. As quoted in that book and in the Encyclopædia Britannica that definition is as follows :—

“ Profit-sharing is an agreement freely entered into by which employees receive a share, fixed in advance of the profits.” Dr. Waight has claimed that though he has looked through all the Bombay, Calcutta and Bihar awards he has not come across any case in which a Tribunal has imposed a profit-sharing bonus scheme on any industry where there was no scheme either in existence from before or promised. Mr. Dobb of Cambridge University in his book on wages (1946) says that the average rate of bonus comes to 5 or 6 per cent of the workers' wages. Mr. Gilchrist, a former Labour Intelligence Officer of Bengal says in his book (1924) that one of the defects of the profit-sharing bonus is that profits when distributed amongst the large number of employees are so small as to be unappreciated. He considers that the profit-sharing bonus schemes seem to be very much fitted for small firms of a family type in which the personality of the employer is an asset. Dr. Waight has pointed out that the greater chance of the success of a profit-sharing bonus scheme is where labour forms a small part of the cost of production and where other factors are favourable.

The causes of the failure of the profit-sharing bonus schemes have been enumerated by Dr. Waight as follows :—

- (1) Distrust of profit-sharing scheme is general in the ranks of labour.
- (2) The addition to wages is so small that it does not serve as an incentive for greater production and does not give contentment to labour.
- (3) A feeling that improvement in ordinary wages and general conditions of labour is preferable to a profit-sharing scheme.
- (4) When profits begin to dwindle or when there are no profits to be divided discontent sets in and schemes break up.
- (5) Suspicion amongst labour that the management somehow contrives to deprive them of the due share in the profits.

The argument that labour should get a share in the profits as it contributes to them is regarded by Dr. Waight as fallacious in that according to him profits depend on a number of factors with which labour has nothing to do and wages are an ample reward for the contribution made by labour towards production. It has been demonstrated by experience that the claim of labour that a profit-sharing scheme operates as a great incentive for greater production is not very valid. If the object of the management be to increase production Mr. Tainsh of Ibeon Ltd., Bombay, would suggest that it will be better to pay production bonus every month instead of giving the labour a share in the profits annually.

Under the auspices of the Government of India a Tripartite Conference of representatives of the Government, labour and capital was held at Delhi on the 29th December 1947. One of the resolutions adopted at that conference, *inter alia*, states as follows :—

“ Excessive profit should be prevented by suitable measures and taxation or otherwise and both will share the product of their own effort after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for maintenance and expansion of the undertaking.”

However, I do not propose analysing exhaustively all the arguments which have been advanced by Dr. Waight as in my view the question can be disposed of on other grounds which will appear presently.

(Referring to the Eagle Rolling Mills the Adjudicator points out that the mills did not pay any dividends from 1927 to 1937 and in 1943 and 1944. During the last twenty years the shareholders have received a gross dividend of $1\frac{1}{2}$ per cent. on an average.

As regards the Fire-clay Silica Works, the company paid no dividends from 1923 to 1935. The rates of dividends during the last twenty years averaged a gross 5 per cent. In

the Rolling Mills one per cent. of dividend is equal to ten days' basic wages. In the Kumardhubi Engineering Works, one per cent. of dividend is equal to four days' basic wages, while in the Silica Works one per cent. of dividend is equal to two days' basic wages. On the basis of these figures it is contended that even if a small bonus is paid by the Silica Works a good portion of the dividends will be wiped out without bringing any appreciable relief to labour. In other words, if the whole of the dividends paid to shareholders is wiped out, the Silica Works employees will get only 4 to 5 per cent. of the total annual earnings including the dearness allowance and other allowances.)

The Kumardhubi Engineering Works did not pay dividends on preference shares from 1921 to 1943. As the shareholders have sustained loss and received no dividends for more than twenty years, it will not be equitable to introduce a profit-sharing bonus scheme in this company at this stage. For a similar reason the introduction of a profit-sharing scheme in the Eagle Rolling Mills cannot be justified at present. If a profit-sharing scheme is introduced in the Fire-clay and Silica Works alone that is likely to give rise to discontent in the minds of the workers of the other two works.

I decide that at present these three companies should not be asked to introduce profit-sharing scheme.

Copy of letter No. 33-C dated 19th July 1948, from the Association to the Assistant Secretary to the Government of India, Ministry of Industry and Supply, New Delhi.

When Mr. Dharamsey Mulraj Khatau attended the meeting of the Expert Committee on Monday the 28th June 1948, he was requested by that Committee to furnish figures relating to paid-up capital, present-day value of gross block, etc., of the cotton textile industry of Bombay City and Island.

The following figures are accordingly submitted on the basis of the composite balance sheet for the year 1946-47 of cotton textile mills of Bombay, this being the latest balance sheet compiled by the Association.

The paid-up capital of Bombay mills was Rs. 15,11,00,000. The gross block at its original value consisted of Rs. 37,37 lakhs, made up as under:

	Rs. lakhs
Machinery at its original value	25,16.5
Buildings at their original value	10,72.5
Land	1,48.0
Total	37,37.0

The productive machinery in Bombay mills consists of 28,51,000 spindles, and 65,800 looms in round figures. A number of mills have recently changed hands in Bombay and the price paid has been roughly at Rs. 7,500 per loom (a loom including preparatory machinery and spindles at the rate of 40 spindles per loom). The surplus spindles are valued roughly at Rs. 150 per spindle. The present value of the fixed assets of the Bombay mills would, on this basis, be as follows:

	Rs. lakhs
65,800 looms (including 26,32,000 spindles) . .	49,35
2,19,000 surplus spindles	3,29
Total	52,64

It can, therefore, be said that, roughly, the present-day value of the fixed assets of Bombay mills is over Rs. 52 crores.

The machinery prices are, at present, anything from three to four times the pre-war figures, and the prices have still not been stabilised, as would be clear from the attached* statement showing prices of certain machinery items in January 1938, in June 1946 and in July 1948 (figures in brackets showing the percentage cost with January 1938 prices as 100). On this basis the cost of replacing and modernising the entire block of machinery would be on a very rough calculation, over Rs. 90 crores. The cash surplus in the hands of the industry, inclusive of E.P.T. deposits, amounts approximately to Rs. 26 crores and it will thus be seen that the cash surplus falls short of the cost of modernisation by over Rs. 64 crores.

Copy of letter No. 33-C, dated 3rd August 1948, from the Association to the Under-Secretary to the Government of India, Ministry of Industry and Supply, New Delhi

This is with reference to your letter No. I-4/10(1)/48 dated the 23rd July 1948*, wherein you have requested the Association to send to Government a note on the production bonus scheme as promised by Mr. Khatau, at his meeting with the Expert Committee

A scheme for production bonus will involve, in the first instance, fixation of the norms of production of various departments and categories of workers, in each of the mills. The norms will depend on conditions of work, the types of products manufactured in each department, the quality of raw materials used, and above all on the age and condition of machinery, and the type of labour force. These factors will vary from department to department within a mill, and from mill to mill in an area. As there are about 70 mills in Bombay, you can very well appreciate that in the limited time that has been allowed to us, the scheme that would be submitted would represent a very rough outline. The details will have to be filled in and even the outline modified, in its application to individual cases, as studies are put into the working conditions of individual units.

The Association realises that, for any incentive production bonus scheme to be successful, the scheme should be such as to embrace a large percentage of the workers of a concern. Otherwise, the benefits remain restricted to a few workers at the top, providing no incentive to others who are not very efficient and cannot, therefore, reasonably hope to be eligible for the bonus. The Association, therefore, envisages three schemes as under

METHODS OF GIVING PRODUCTION BONUS

Scheme for individuals.—The most common method by which production bonus is given to workers is by working out norms for various occupations of workers. If the norm is treated as 100, then, rates of production bonus are fixed on a sliding scale for various slabs of production such as 110 to 115, 115 to 120, etc.

So far as the cotton textile mills are concerned, it would be possible to work out norms for weavers, spinners, frame tenters*, winders, warpers, sizers, folders and, probably, a few other occupations. This scheme would, therefore, cover the most important section* of the production personnel employed in a cotton textile mill.

Departmental scheme.—The norms of production for various departments will be worked out, and a production bonus on a sliding scale will be given to workers of the whole department, if the total production of the department concerned exceeds the norm by so much percentage. This method would cover the production personnel as well as all the auxiliary occupations in the productive departments.

Unit scheme.—A norm of production for each individual mill will be fixed at so many pounds of yarn and/or so many yards of cloth in a month, the norm, of course, varying according to the counts spun and the sorts woven. In the month in which this norm is exceeded, all workers of the mill would be eligible to an incentive bonus for that month, the quantum of bonus depending upon the volume of extra production. This scheme will also cover along with the productive departments, departments like the engineering and mechanical departments, etc.

We envisage that all the three schemes will be working simultaneously in each concern. The workers covered by the scheme for individuals would get a certain amount of bonus to which they qualify themselves individually, irrespective of whether any bonus is available under the departmental scheme, or the unit scheme. Similarly, if the departmental norm is exceeded, workers of the department concerned will get a bonus irrespective of whether bonus under the unit scheme is available or not. In other words, the three schemes will be simultaneous but independent.

This, of course, means that, whereas certain categories like weavers and spinners would be eligible to all the three types of bonus, certain other categories like engineering, department workers would be eligible only to the bonus under the unit scheme. But this is as it should be, for it provides larger benefits to production personnel than to the maintenance and services personnel. After all, it is the effort of the production personnel which would determine the output of the unit. However, the disparity between the bonus available to various categories of workers can be minimised to a large extent by suitably adjusting the percentage of distributable bonus under the three schemes so that the largest slice would be distributed under the unit scheme and comparatively smaller sums under the departmental scheme and individual's scheme.

Calculation of norms.—The norms will have to be calculated for each individual unit separately. The calculation would be based on the production in that period, when production can reasonably be considered to have been normal. Adjustments would, of course, be made for variations in the counts spun and sorts woven. The norms would undergo changes from time to time depending upon changes in the production programme.

Quantum and payment of bonus.—It is proposed that the bonus should be calculated monthly and credited to the account of individual workers, the payment being made at the end of year of the total amount thus earned by each individual worker.

The quantum might be fixed as so much percentage of the monthly wages, the percentage varying on a sliding scale with the slabs of production.

This represents a rough outline of a scheme which might be introduced in the cotton textile mills, but I would like to make it clear once again that, in the application of the scheme to individual mills, certain modifications will have to be introduced to suit the peculiar circumstances and conditions obtaining in the unit.

If Government approve of the principles underlying the scheme, then the Association is prepared to have the details worked out and furnish Government with a complete scheme for application to cotton textile mills.

Report of the Committee on Profit-sharing.

This Committee, which has come to be known as the Committee on Profit-sharing, was appointed by the Government of India in the Ministry of Industry and Supply Resolution No. I(3)-43(36)/48, dated the 25th May 1948, which reads as follows :

"In pursuance of paragraph 9 of their Resolution, dated the 6th April 1948 on Industrial Policy, the Government of India propose shortly to constitute a Central Advisory Council. The main function of this body will be to advise Government on the principles to be followed for the determination of—

- (a) fair wages to labour,
- (b) fair return on capital employed in the industry,
- (c) reasonable reserves for the maintenance and expansion of the undertaking, and
- (d) labour's share of the surplus profits, calculated on a sliding scale normally varying with production, after provision has been made for (b) and (c) above.

The Government of India agree with the view expressed at the recent Labour Conference that subjects (b), (c) and (d) are of such a complex nature as to require preliminary study by experts in order to facilitate detailed consideration by the Central Advisory Council. They have accordingly decided to appoint a Committee of Experts consisting of the following members :—

- | | |
|------------------------------|-----------------------------|
| 1. Sir Biren Mookerjee. | 5. Mr. Asoka Mehta. |
| 2. Mr. A. D. Shroff. | 6. Mr. Khandubhai K. Desai. |
| 3. Mr. S. P. Jain. | 7. Mr. V. B. Karnik, and |
| 4. Prof. Radhakamal Mukerjee | |

Not more than two representatives each of the Ministry of Industry and Supply, Ministry of Labour, Ministry of Finance and Ministry of Commerce.

The Committee is requested to pay particular attention to the following points :—

- (1) How should ' capital employed in the industry ' be determined ?
- (2) How should depreciation and taxation be treated for the purpose of arriving at the gross profit to be allocated between capital, labour and reserves ?
- (3) What are the purposes for which provision should be made by way of reserves and what should be the extent of such reserves ?
- (4) What should be a fair return on capital employed in the industry ? Should it be at a uniform rate for all industries or should the rate vary from industry to industry and, if so, on what principles ? If the fair return is not reached in some years, should provision be made for making it up later, and, if so, how ?

Note.—The fair return should be such as not to discourage adequate investment

- (5) Should the fair return on capital employed in an industry vary with the level of taxation if the industry is —

- (a) a joint stock company, or
- (b) a private company ?

- (6) How should labour's share of the surplus profits (after making provision for fair return on capital and reasonable reserves) be determined on a sliding scale normally varying with production ?

- (7) Should surplus profits be shared every year or should a part be held in reserve for equalisation or any other purpose such as provision against past or future losses ?

- (8) How should labour's share of distributable profits, as determined under (6) and (7) above, be distributed, that is, whether by each undertaking or by each industry or by industry as a whole in each region or for all industrial undertakings in the country or by a combination of these methods ?

- (9) How should Government undertakings be treated for (1) to (8) above ?

- (10) What should be the nature of the machinery for the determination of fair return, etc., on the principles finally accepted by Government ?

- (11) If, in the light of the considerations mentioned above, profit-sharing appears impracticable, what, if any, are the alternatives available to give effect to the principles underlying Government's declared policy ? "

2. The Committee consisted of the following members :—

1. Mr. S. A. Venkataraman, C.I.E., I.C.S., Secretary, Ministry of Industry and Supply (*Chairman*).
2. Sir Biren Mookerjee.
3. Mr. A. D. Shroff.

- 4 Mr S. P. Jain
- 5 Prof Radhakamal Mukerjee
- 6 Mr Asoka Mehta
- 7 Mr. Khandubhai K. Desai
- 8 Mr V. B. Karnik.
- 9 Mr. S. Bhoothalingam, O.B.E., I.C.S. (Ministry of Industry and Supply)
- 10 Mr K. N. Subramanian, O.B.E., I.C.S. (Ministry of Labour)
11. Mr. S. C. Joshi (Ministry of Labour)
- 12 Mr P. C. Bhattacharyya, O.B.E. (Ministry of Finance)
- 13 Mr Ram Nath (Ministry of Finance)
- 14 Mr S. Ranganathan, I.C.S. (Ministry of Commerce)

3 The Committee held its first session in New Delhi on the 28th and 29th May 1948, during which all the issues were generally discussed. Before proceeding further, the Committee decided to invite the views of certain associations of employers and labour and to give an opportunity to their representatives to explain them to the Committee. A list of the organisations and individuals from whom written memoranda were received is given in Appendix A. The Committee reassembled in New Delhi on the 25th June 1948 and continued its session till 29th June. During this period, besides examining the written memoranda received from various bodies and individuals, the Committee heard the following gentlemen and discussed with them the points arising out of their memoranda.

Mr. A. P. Benthall, Associated Chambers of Commerce, Calcutta

Dr. B. N. Ganguli, University of Delhi.

Sir Shri Ram, New Delhi.

Mr M. P. Birla,

Mr. K. D. Jalan,

Mr. Sampath Aiyangar.

} Federation of Indian Chambers of Commerce and Industry.

Mr G. L. Bansal,

Mr. B. N. Chaturvedi, Calcutta Stock Exchange

Mr. Dharamsey Mulraj Khatau

Mr. Daftary—Adviser

} Millowners' Association, Bombay.

Mr. Tulsidas Kilachand, All-India Organisation of Industrial Employers.

Mr. A. K. Bhattacharya,

Mr. S. K. Asthana,

} Engineering Association of India, Calcutta.

Mr. M. J. Vaidya, All-India Manufacturers' Organisation, Bombay.

Mr. Manek Gandhi, All-India Trade Union Congress, Bombay.

Mr. Shantilal Shah,

Mr. S. R. Vasavada,

} Indian National Trade Union Congress.

Mr Rohit Dave, Hind Mazdoor Panchayat, Bombay

Prof. G. D. Parekh, Indian Federation of Labour.

4. The Committee held its third session in New Delhi from the 12th to the 14th July 1948 during which the subject was further examined in the light of the written and oral evidence before them. Certain tentative conclusions were arrived at, but owing to the need to obtain further information on certain important points, the Committee adjourned till

the 30th July. Their final meetings were held from 30th July to 1st August 1948. One of the members, Mr. S. P. Jain, was unfortunately unable to attend this session, but communicated his views in a telegram. In these meetings, the Committee was able, on most of the problems remitted to it, to arrive at agreed conclusions which are embodied in this report.

II

5. In December 1947, the Government of India convened an Industries Conference in which representatives of Provincial and State Governments, many leading business men and industrialists and leaders of organised labour participated. The object of the Conference was to consider the steady deterioration of the economic situation and particularly the continued fall in most spheres of production, and to devise measures which would not only arrest the deterioration but lead to positive improvement. The discussions revealed a frank appreciation of realities and were conducted in an atmosphere of goodwill and co-operation. Among the many points of general agreement was the recognition that improvement in employer-labour relations was perhaps the most important prerequisite to increased production. There were naturally serious and fundamental differences of opinion on how to establish, maintain and improve employer-labour relations. Despite this difference, the realisation by all of the urgency of the problem and the consequent willingness of both employers and labour to arrive at a practical compromise enabled the Conference to arrive at a general agreement which has been embodied in what has come to be known as the Industrial Truce Resolution. The main principles of this Resolution, which attempts to break new ground in employer-labour relations, are best described by quoting the first part of the Resolution which reads as follows :—

“ This Conference considers that the increase in industrial production which is so vital to the economy of the country cannot be achieved without fullest co-operation between labour and management and stable and friendly relations between them. The employer must recognise the proper role of labour in industry and the need to secure for labour fair wages and working conditions ; labour for its part must give equal recognition to its duty in contributing to the increase of the national income without which a permanent rise in the general standard of living cannot be achieved. Mutual discussion of all problems common to both and a determination to settle all disputes without recourse to interruption in or slowing down of production should be the common aim of employers and labour. The system of remuneration to capital as well as labour must be so devised that while in the interests of the consumers and the primary producers excessive profits should be prevented by suitable measures of taxation and otherwise, both will share the product of their common effort after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking.”

6. The readjustment of the system of remuneration to capital and labour which the Resolution recommended, was not sought as an end in itself, but as a means to the establishment of industrial peace and the increase of production. The Government of India, while accepting this Resolution as part of their Industrial Policy, laid particular stress on this objective by stating that labour's share of the profits of industry should be on a sliding scale normally varying with production.

7. The main function of this Committee is to assist the Government of India to implement their policy. We, therefore, consider it necessary at the outset to describe what we understand to be the true meaning and full implications of that policy. The terms of paragraph 9 of the Government of India's Resolution on Industrial Policy, read with the “ Industrial Truce ” Resolution, no doubt envisage “ profit-sharing,” as commonly understood, but only subject to certain important reservations. The fundamental propositions are as follows :—

(a) The general economic policy of Government will be designed to prevent excessive profits from arising, presumably by measures such as the fixation of fair wages, the regulation of prices, etc. The taxation policy of Government will, in its turn, deal with profits which arise, in a manner beneficial to the community as a whole.

(b) A fair wage to labour must be the first charge on industrial production. Obviously, wages must be paid whether profits are made or not. We understand that separate machinery is being established to decide and enforce fair wages. Until such revision, prevailing wages, which are usually the result of collective arrangements between employers and labour or of adjudications and awards, may be assumed to be the equivalent of fair wages for purposes of this Committee.

(c) After wages are paid, provision must be made for reasonable reserves for maintenance and expansion and for a fair return on capital employed in the industry. Unlike wages, which must be a first and inescapable charge, provision for reserves and return on capital can only be the first charge on profits after taxation.

(d) If profits exceed the provision required under (c) above, a share of such excess should be paid to labour as additional remuneration.

(e) The share of labour under (d) above should bear a definite relation to production or in other words, it should be on a sliding scale varying with production.

8. It will be clear from the foregoing that the Government of India's Resolution of 6th April 1948, does not envisage any limitation of profits or limitation of dividends. Nor does it rule out any other method of remuneration to labour in addition to fair wages, which will not affect the minimum provision under para 7 (c) above. On the contrary, our terms of reference specifically ask for a consideration of such alternatives in case labour's share in profit cannot be definitely related to changes in production.

During the course of our deliberations certain general questions having an intimate relation to the subjects on which we have been asked to report have emerged, and proposals in regard to them have been discussed. These are: (1) that at least for the purpose of calculating "surplus profits" in which labour should share, the managing agency commission should be limited; (2) that, to increase production as well as to increase labour's share of profits it is necessary that labour is not wastefully employed and the labour force in each undertaking is not unduly swelled; and (3) that statutory limits should be placed on the building up of reserves by industry.

After discussing these proposals we have come to the conclusion that, while these issues are important in themselves and deserve separate consideration by Government, it will be outside our purview to make any specific recommendations on them as a Committee. The controversy on the merits and defects of the managing agency system is by no means a new one. While we do not deny that there may be a case for regulating or reducing the scale of managing agency commissions, we are unable to ignore the fact that these are at present governed by legally binding contracts. No doubt, we are not precluded from making a recommendation merely because giving effect to them will require legislation involving the modification of existing contracts. But the proposal involves many wider issues, with which we are not called upon to deal. While we recommend separate consideration of this subject, we have to assume that managing agency commissions must continue to be governed by the laws in force for the time being. For similar reasons we do not feel called upon to recommend measures for a more rational use of the labour force. This is not to say that we regard that all is well. For various reasons the productivity of labour in India is low. It is also a matter of common knowledge that in many concerns more people are employed than is necessary. One of our members pointed out, for instance, that to produce an ingot ton of steel four times as many man hours are required in India as in Europe or America. We are also not unaware of the danger that, under the guise of rationalisation, certain employers might attempt to squeeze more work out of labour than is desirable. While we generally agree that there is considerable scope in India for employing labour in a more rational manner, and thereby increasing production as well as labour's share of profits under any profit-sharing scheme, we do not think it necessary for us to go further into this matter. The proposals for the limitation of reserves similarly go beyond our terms of reference.

9. How labour's share in profits might be related to production is in many respects the crux of the problem. Assuming for the moment that the scale of provision for reserves and the rate of fair return to capital employed have been determined, the calculation of the

surplus profit of which labour should be given a share, is a comparatively easy matter. Theoretically, it should be possible to devise a formula which would link labour's share of the surplus profit to the total production of the undertaking in some such way as follows : if normal production is ' X ', labour's share might be, say, 50 per cent. of surplus profits :

If production in any one year increases by 20 per cent. and is $\frac{120x}{100}$, labour's share might be

60 per cent. of surplus profit. Similarly, if production falls by 20 per cent. and is $\frac{80x}{100}$

labour's share in surplus profit might be reduced to 40 per cent. A suggestion has been made that a similar formula might be worked out in which ' X ' will be the total production of the whole industry and not of any individual undertaking. After careful consideration, we are definitely of the opinion that as a practical proposition it is impossible to devise and apply such a sliding scale. For one thing, profits made by industry depend on many factors besides labour, and, to that extent, do not bear any measurable relation to what labour does or does not do. An undertaking in which labour has performed its full part might fail to make any profits because of other reasons, while large profits might be made in spite of irregularities or slackness of labour. Conditions of production vary from industry to industry and from undertaking to undertaking within each industry. The productivity of labour is dependent, among other things, on the nature of the equipment and the efficiency of organisation and supervision. Then, again, the measurement of total production in terms of a common unit is a very difficult task. Even the final products of an industry or undertaking are not always uniform and easily measurable. To prescribe a norm of annual production is even more difficult. Further, the basic conditions in any one year may be quite different from the conditions on which the norm has been determined. The production equipment might have increased or diminished or improved or deteriorated in the meantime. The size and composition of the labour force might similarly have changed. There may be involuntary interruptions for which no one is responsible. To compare actual production in any given year with the norm would, therefore, be extremely unscientific and unsatisfactory. To compare total production in an industry with the normal total production of that industry would be an even more unsatisfactory basis, as the number of working units in the industry might itself vary from year to year. The conclusion, therefore, seems inescapable that labour's share of the surplus profits can only be determined in an arbitrary way. We do consider, however, that once the total share of labour in surplus profits is determined, distribution of that share among individual workers should be in proportion to their total earnings in any given previous period. Such a method would link in some measure, individual effort to individual reward. It would encourage regular attendance, and, taken by and large, more attendance normally means more production. Further, wherever basic wages are already on a piece rate basis—and this is largely so in many industries for types of work which are measurable—the total earnings of a worker during a period reflect fairly accurately his contribution to production.

10. Our general conclusion, therefore, is that it is not possible to devise a system in which labour's share of profits could be determined on a sliding scale varying with production. The link can only be indirect. Are we then to conclude that it would be undesirable to try any experiment in industrial relations which involve labour sharing in profits ?

11. In order to answer this question, it will be useful to review, at this stage, the reactions of employers and labour to the problem, as evidenced by their written memoranda and discussions with us. Broadly, employers' organisations have been opposed to profit-sharing both on grounds of principle and of expediency and practical difficulties. The objections of principle spring from the view that profits are the legitimate reward of capital and enterprise, that they depend on many factors besides the contribution of labour, and that in a society where private enterprise continues to prevail, the right method of rewarding labour is by fair wages and by production bonuses devised to act as a direct incentive to individual workers. The objections based on expediency arise from the fact that any scheme of profit-sharing would lead to wide disparities in the remuneration earned by the same type of labour in the same region. These disparities will be particularly wide between industries employing heavy capital equipment with a small labour force and industries where the labour force is large. Far from contributing to industrial peace, these differences might well lead to internecine strife among labour. On these very grounds, besides the ideological reason that the profit motive itself should be abolished, one important labour organisation has also

expressed itself definitely against profit-sharing. The other labour organisations, however, while admitting that profit-sharing cannot be linked directly with production and recognising that it is not immediately practicable to abolish the profit motive, favoured profit-sharing mainly on the grounds that it would facilitate industrial peace and would be a step towards participation of labour in the management of industry. It has also been pointed out that disparities in the remuneration of labour (which would result in labour discontent and disruption of labour organisations) could be removed by pooling labour's share of surplus profits of all undertakings industry-wise and region-wise and distributing them on a uniform basis to labour employed in that industry in that region.

12. All discussions on profit-sharing, in the last analysis, must be viewed from three important angles, viz. profit-sharing as an incentive to production, profit-sharing as a method of securing industrial peace and profit-sharing as a step in the participation of labour in management. The last consideration has largely affected the attitude of three labour organisations. But we consider that we are precluded from applying this criterion as it raises political and economic issues outside our terms of reference. On the second point, we think that giving labour a share in the profits of industry, apart from wages, would create psychological conditions favourable to the restoration and maintenance of industrial peace. This in turn will be an important indirect means of facilitating increased production. On the first point, our view is that by distributing the share of labour—the total share itself being arbitrarily determined—among individuals in proportion to their total earnings in a preceding period, a measure of individual incentive to labour for increased production would be provided. While we would repeat that it is not possible to devise a method which would directly link labour's share of profit with production, we consider that the indirect effects on production would be sufficiently tangible to make an experiment in profit-sharing well worth while.

13. We understand that profit-sharing by statute has been introduced in Venezuela, Mexico, Palestine and New Zealand. Apart from the fact that conditions in these countries are quite dissimilar, it is too early to benefit by their experience. Schemes of profit-sharing operated by individual concerns on a voluntary basis are of course well known. These, however, have mostly been designed by employers to attract the loyalty of labour and to ensure greater continuity in the labour force employed by them. Such schemes are fundamentally different in character from any scheme to be applied compulsorily over a whole industry or region. An experiment in profit-sharing on a wide scale would, therefore, be definitely undertaking a voyage on uncharted seas. We, therefore, consider that the scheme which we propose in this report should be tried out in the first instance for a period of five years and that it should apply only to the following well-established industries:—

- | | |
|----------------------------|--------------------------------|
| (a) Cotton textiles. | (d) Cement. |
| (b) Jute. | (e) Manufacture of tyres |
| (c) Steel (main producers) | (f) Manufacture of cigarettes. |

Future policy can only be developed in the light of experience gained during this period. If the initial experience is not unsatisfactory, we would further recommend that Government should consider extension of the scheme to other suitable industries.

14. The main reason why we have recommended an experiment in profit-sharing is that it would promote industrial peace. We, therefore, consider it important to provide that the benefits of profit-sharing in any year should be withheld, wholly or in part, from workers or sections of workers who, during that year, participate in a strike declared illegal by competent authority. Similarly, if there is an illegal lockout, "surplus profits" should be computed for the purpose of profit-sharing as if there had been no such lockout.

III

15. We now proceed to consider the various specific points on which decisions are required in order to formulate an experimental profit-sharing scheme in the industries which we have selected.

16. *Capital employed*.—We have attempted to deal with this problem in the light of the Government Resolution on Industrial Policy, which states that provision should be

made for a fair return on "capital employed in the industry." We have considered five formulæ :

(1) Capital employed as computed for assessing excess profits-tax. Broadly speaking, this is the sum of the depreciated value of block, the value of stores and stock-in-trade, and borrowed funds excluding that part which is invested outside the business.

(2) Present value of plant and fixed assets *plus* present value of stock-in-trade and stores plus that amount of cash in hand and borrowings which is necessary for the conduct of the undertaking.

(3) Market value of shares.

(4) Paid-up capital plus half the reserves. It has been suggested that reserves are the result of common effort of labour and capital and, for that reason, the whole of it should not be treated as belonging to capital

(5) Paid-up capital plus reserves. It is suggested that on the whole this represents the capital actually employed in running the industry.

17 The Committee considers that any formula for determining "capital employed in the industry" should satisfy the following criteria :—

(a) It should represent the actual capital employed in the business, i.e., the sum by the employment of which profits are earned.

(b) That it should be comprehensible to all and easily calculable. This criterion is very important because the application of a complicated formula, particularly one which involves individual judgment of certain factors will itself become a fertile source of industrial disputes, the avoidance of which is the main object of the scheme of profit-sharing

18. Formulæ (1) and (2) satisfy the first criterion in a large measure. The excess profits-tax formula has the further advantage that it has actually been applied for several years and is, therefore, known to many. Formula (2) is scientifically more satisfactory in that it attempts to assess the real value of the resources actually employed, or necessary to be employed, in the undertaking. Formula (3) attempts to go close to present reality by taking note of the actual capital contributed by a *bona fide* investor. It assumes that, by and large, share values represent the considered judgment of the investors, on a complex of issues such as the actual (and prospective) value of the assets, the past and prospective earning capacity of the undertaking, etc. The Committee considers that all these three formulæ completely fail to satisfy the second criterion. Their application will involve not only difficult and prolonged calculations but also many acts of judgment on the part of those who calculate. The present value of plant and fixed assets, the value of stock-in-trade and stores, etc., are difficult to assess. To determine how much liquid funds an undertaking should have for its proper conduct is even more difficult. The market value of shares is subject to constant and, in many cases, wide fluctuations. Apart from this, the shares of many concerns are not quoted in the market at all. For these reasons, we consider that the first three formulæ must be rejected. Formulæ (4) and (5) completely satisfy the second criterion, viz., certainty and ease of calculation, but formula (4), viz., capital plus half the reserves, fails to satisfy the first criterion. We, as a Committee, wish to avoid all ideological considerations and, therefore, do not propose to discuss the validity or otherwise of the view that reserves should not wholly belong to capital. Nor is it necessary to do so, because the terms of reference of the Committee are to define what is capital employed in the industry. The only question, therefore, is whether the whole of the reserves can be regarded as being employed in the business. We are aware that part of the reserves of a concern might at any time be invested in Government securities or otherwise and, to that extent, strictly speaking, that part is not necessarily employed in the business at that time. But the fact that these are held for future use in the business cannot be ignored, nor can the fact that in many concerns much of what appears in the balance-sheets as reserve has already been converted into tangible assets. It can also be shown that in many cases much more than capital and reserves is, in fact, employed in the industry. Considering all these factors, we are of the opinion that paid-up capital plus reserves (including all future allocations of reserves) which are held for purposes of the business, is the nearest practicable approximation to capital employed in industry,

and that this definition should be adopted. Reserves in this context will exclude depreciation reserves, and will include only those reserves built out of profits on which taxes have been paid.

19. *Depreciation.*—We consider that depreciation should be the first charge on gross profits. Many of us are of the opinion that the rates of depreciation allowed for income-tax purposes are insufficient, and that revised rates, more in conformity with what is required under present conditions, should be adopted. We, therefore, recommend that the Government should give separate consideration to this matter. In the meantime, we think that, for purposes of computing surplus profits depreciation should be allowed as for income-tax purposes, and that allocation of this amount to a depreciation fund should be made compulsory.

20. *Reserves.*—We consider that reserves should be the first charge on net profits, viz. gross profits minus depreciation, managing agency commission and taxation. The purpose of the reserves is to provide for repairs and maintenance, emergencies, rehabilitation and modernisation of plant and equipment, and reasonable expansion. Putting back profits into the industry is one of the most useful forms of capital investment and this should be encouraged. While we think that a figure of 20 per cent. for reserves should be generally aimed at we consider that, as a first charge, 10 per cent. of net profits should be compulsorily set aside for reserves, we would leave it to the good sense of the management to allocate the balance or more out of their own share of surplus profits. We feel that in many cases, particularly young concerns, 10 per cent. for reserves may not be adequate, but as we have recommended application of the scheme only to established industries, we do not think it necessary to provide for a higher rate of compulsory allocation.

21. *Fair return on capital employed.*—This is an exceedingly important and controversial subject which we have discussed carefully and at considerable length. It has been urged by some that a fair return on capital employed in established industries need be only slightly higher than the yield on Government securities. Others have urged with great force that unless return on capital employed is attractive, the inducement to invest will be very seriously affected, and industrial development gravely jeopardised. Due to various reasons, among which the uncertainty about the policy of Government is regarded by many as the most important, capital is now passing through a phase of extreme shyness. During the war and for a couple of years thereafter, investors readily responded to new ventures in industry and commerce. Indeed, at one time even comparatively unsound propositions elicited more support from the investing public than they deserved on merits. The picture has completely changed to-day. New enterprises, however sound and promising, find it extremely difficult to attract capital. A number of concerns in which various Provincial Governments are participating extensively have failed to interest investors. Even Central Government loans are becoming less attractive to the public. We do not wish to enter into the controversy which is now going on in the Press regarding the reasons for this state of affairs. But we feel that due note should be taken of the facts of the situation. In this context, any decision which Government might take on the question of what is a fair return to any group of industries, is likely to be regarded by the public as an indication of Government's view on the general question of a fair rate of return. Viewing the question carefully and dispassionately, we have come to the conclusion that a fair return on capital employed in the established industries to which we have recommended the application of a scheme of profit-sharing as an experimental measure, should be that minimum return which will encourage further investment. We consider, taking all factors into account, that six per cent. on paid-up capital plus all reserves held for the purpose of the business, would be a fair rate under present circumstances. After an examination of the extent of reserves in undertakings in the industries we have selected, we believe that six per cent. on capital employed, as we have defined the term, augmented by 50 per cent. of the surplus profit, would enable the concerns, generally speaking, to declare a reasonable dividend.

If in any year, profits are not enough to provide this rate of return, the deficiency should be made up in the succeeding years, cumulatively.

22. *What should be labour's share in surplus profits—net profits minus 10 per cent. for reserves minus 6 per cent. on capital employed?*—We have already stated that it is not possible

to relate labour's share to changes in production, and that labour's share must be determined in an arbitrary manner. Having due regard to the conditions prevailing in the industries selected for an experiment in profit-sharing, we have come to the conclusion that labour's share should be 50 per cent. of the surplus profits of the undertakings. The individual worker's share of profit, we consider, should be in proportion to his total earnings during the preceding twelve months, minus dearness allowance and any other bonuses received by him. This should, of course, be in substitution of any other form of profit-sharing bonus that is being paid now.

If an individual worker's share exceeds 25 per cent. of his basic wages, we consider that cash payment should be limited to 25 per cent. of his basic wages, and the excess held on his account either in his provident fund or otherwise.

How this bonus should be treated for income-tax purposes is a matter which should receive the consideration of Government.

23. *How should labour's share be distributed—whether by each undertaking or by each industry or by industry as a whole in each region or for all industrial undertakings in the country or by a combination of all these?*—Profit-sharing means sharing by workers in an undertaking of profits of that undertaking. Logically, the term can have no other meaning. *Ex hypothesi*, therefore, profit-sharing can only be unitwise. Only then can the fundamental objective of profit-sharing, viz., that the worker should have a direct interest in the fortunes of the concern in which he works, be attained. This will, however, inevitably mean no share for labour in units which do not make profits. It will also involve differences in remuneration to labour in different units. The efficient worker who has the misfortune to be employed in an undertaking which makes no profit must remain content with his ordinary wages, while an inefficient worker who has the good fortune to work in a profit-making concern will, nevertheless, share in the prosperity of that concern. We have found that labour as a whole is not prepared to accept these implications of profit-sharing. Trade unions are usually organised on an industrywise basis, and profit-sharing unitwise will cut across that structure. The fear has been expressed whether this may not lead to industrial unrest. It has been suggested that these difficulties can be removed if profit-sharing is on an industry-cum-locality basis. But employers are fundamentally opposed to such pooling of profits, which will mean subsidising of inefficient concerns by the more efficient units in an industry. Such a system will not be profit-sharing, and will be nothing more than a form of special levy on selected industries for the benefit of certain sections of labour. In view of these difficulties, we recommend a scheme where profit-sharing should normally be unitwise, but in certain selected cases would be on an industry-cum-locality basis. We consider that, to begin with, profit-sharing on an industry-cum-locality basis should be tried out in the textile industry in Bombay, Ahmedabad and Sholapur. The extension of the scheme to the textile industry in other localities can be considered later by Government. In these cases, the surplus profits of the units will be pooled for the purpose of ascertaining what should be the profit-sharing bonus payable to labour in the industry in that locality. This bonus shall be payable, as a minimum, by every unit to its labour, irrespective of its profits. But in those units where half the surplus profits (i.e., the amount due to labour in that unit) exceeds the sum required to pay the minimum bonus referred to in the previous sentence, such excess shall also be paid to the workers of that unit. In all cases, however, individual cash disbursement will be limited to 25 per cent. of a worker's basic wage, and any excess will be kept in his account, provident fund or otherwise. The net effect will be that labour employed in every unit in the locality will get a minimum share calculated on the basis of the total of half the surplus profits of all units in the locality, which make surplus profits. The Committee recognises that this proposal amounts to a fundamental departure from the principle of profit-sharing to the extent it involves the payment of a minimum sum by units who have either incurred a loss or made a profit less than the average profit of the industry. Except in the case of such units, however, it would be a scheme of profit-sharing as ordinarily understood. The proposal moreover meets one of the employers' fundamental objections to profit-sharing on localitywise basis, inasmuch as it does not involve efficient units subsidising workers of inefficient units.

24. *How should Government undertakings be treated for purposes of profit-sharing?*—The answer to this question is only of academic interest, as there are no Government undertakings in the industries we have recommended for an experiment in profit-sharing. On the

general question, we think that those business undertakings of Government, which aim at making a profit, and which will ordinarily be organised in the form of corporations, would automatically come under any law which governs private undertakings of a similar nature.

25. *Machinery*.—Throughout our report, we have laid great stress on the need to devise a system which is easy to understand and to operate. We believe that the principles we have suggested satisfy both these criteria. Once Government lays down by law how surplus profits should be calculated and how they should be distributed among individual workers, it should become the statutory responsibility of the management to carry out the directions given by law. We think that the responsibility for ascertaining surplus profits and certifying that they have been disbursed according to law, should be laid squarely on the duly appointed auditors of the concerns. Where, as in private companies, there is no provision for compulsory audit, such provision should be made. The auditor will be required to give a certificate that he is satisfied with the balance-sheet as prepared in conformity with law. He will also certify to the amount of labour's share of surplus profits, as calculated according to the principles laid down by law. No auditor will ordinarily give a false certificate, as by doing so he will be liable not merely to criminal action, but to being struck off the register. The auditors' profession has generally maintained a high standard of reputation. Even so, we agree that provision might be made for an appeal against the calculations of an auditor if any party establishes a *bona fide* case that some mistake has been made.

The appropriate Ministry of the Government of India will, of course, be generally responsible for seeing that any law on profit-sharing is duly enforced. No special machinery appears to be required. In the special cases where profit-sharing is to be on an industry-cum-locality basis, machinery will have to be created to determine the share payable to labour in all the undertakings. This, too, is comparatively a simple matter to calculate, but it cannot be done by an auditor of any individual concern, though the calculation will have to be based on the reports of the auditors of all concerns in the locality. We would suggest that this task be entrusted to a responsible officer of the Provincial Government, acting as the agent of the Central Government for this purpose.

All the members have agreed to this Report subject to the separate notes recorded by those marked with an asterisk

S. A. VENKATARAMAN
BIREN MOOKERJEE
A. D. SHROFF*
S. P. JAIN*
RADHAKAMAL MUKERJEE*
ASOKA MEHTA*
KHANDUBHAI K. DESAI*
V. B. KARNIK*
S. BHOOHALINGAM
K. N. SUBRAMANIAN
S. C. JOSHI
P. C. BHATTACHARYYA
RAM NATH
S. RANGANATHAN

NEW DELHI, 1st September 1948

APPENDIX A.

List of Organisations and Individuals who Submitted written Memoranda to the Committee on Profit-sharing.

1. Mr. K. L. MacInnes, Burmah-Shell, New Delhi.
2. Mr. G. D. Birla.
3. Dr. R. Balakrishna, Professor of Economics, University of Madras.

4. Dr. B. N. Ganguli, Reader in Economics, University of Delhi.
5. Prof. D. R. Gadgil, Director, Gokhale Institute of Politics and Economics, Poona.
6. Sir Shri Ram.
7. Federation of Indian Chambers of Commerce and Industry, New Delhi.
8. The Associated Chambers of Commerce of India, Calcutta.
9. Bengal Millowners' Association, Calcutta.
10. The Ahmedabad Millowners' Association, Ahmedabad.
11. All-India Trade Union Congress, Bombay.
12. The Mahratta Chamber of Commerce and Industries, Poona.
13. Indian Federation of Labour, Delhi.
14. The Indian Collieries Union, Katrasgarh.
15. All-India Manufacturers' Organisation, Bombay.
16. Indian National Trade Union Congress, Bombay.
17. The Indian National Steamship Owners' Association, Bombay.
18. Hind Mazdoor Panchayat, Bombay.
19. The Millowners' Association, Bombay.
20. Engineering Association of India, Calcutta
21. Indian Mining Association, Calcutta.
22. Indian Tea Association, Calcutta.
23. Calcutta Stock Exchange Association, Calcutta
24. Indian Jute Mills Association, Calcutta.
25. Indian Colliery Owners' Association, Jharla
26. The Stock Exchange, Bombay.
27. Bengal Chamber of Commerce, Calcutta.
28. The Indian Merchants' Chamber, Bombay.
29. Bombay Shareholders' Association, Bombay
30. Marwari Chamber of Commerce, Calcutta
31. Bihar Chamber of Commerce, Patna.
32. Hindustan Chamber of Commerce, Madras.
33. The Western U.P. Chamber of Commerce, Meerut.
34. The Northern India Mercantile Chamber of Commerce, Lucknow.
35. Malabar Chamber of Commerce, Calicut.
36. Mr. T. Taneja, Niemla Textile Finishing Mills Ltd., Chheharta.
37. Kanara Chamber of Commerce, Mangalore.
38. C.P. and Berar Mining Association, Nagpur.
39. Mr. Pattabhi Sitaramayya, Automobile Engineer, Madras
40. Indian Chamber of Commerce, Calcutta.

Note by Mr. A. D. Shroff.

I agree with the Report subject to the following remarks :—

In the case of Companies which make fresh issues of capital several times, new capital is issued at premium and such premium received by the company is shown as a separate reserve called "premium on new shares." This money is actually paid into the company by shareholders, and, therefore, obviously it must form part of capital plus reserves, a formula which the Committee had finally and generally agreed to adopt as representing capital employed in the business. I mention this item, particularly because this reserve is not built out of profits on which taxes have been paid ; nevertheless it is actually money brought into the company by shareholders and is as much part of capital as the actual face value of the share capital.

Note of Dissent by Mr. S. P. Jain.

It is clear from the terms of reference that the Committee have to report as to whether profit-sharing on a sliding scale varying with production is practicable and if not what alternatives are available to implement the Government's policy. The fundamental point of the Government policy is that production should be increased and industrial peace maintained. If any practical profit-sharing scheme cannot achieve this fundamental object, a suitable alternative that would achieve the same should be found out. Therefore, when the Committee have come to the general conclusion that it is not possible to devise a system in which labour's share of profit could be determined on a sliding scale varying with production (para 10), they should recommend the next best alternative that will equally effectively and with less possibilities of discontent and confusion achieve the ends in view instead of a compromise proposal that is outside the scope of the terms of reference as has been done now at the sacrifice of the principal objective, viz., increase of production. The compromise proposal will not give the required direct incentive to production and it is very doubtful whether it will help to any extent maintain industrial peace. It will further result in inequity. As has been admitted in the draft report, "The readjustment of the system of remuneration to capital and labour was not sought as an end in itself, but as a means to establishment of industrial peace and the increase of production" (para 6). Nevertheless, the Committee have recommended an experimental proposal that might help industrial peace but will not give the desired direct incentive to production. It is surprising that the report makes no reference to the suggestion of production bonus which, it was said, would fully realise the objectives underlying the Government's policy without creating complications

2 The proposal recommended does not mean only share of profits but payment even where there are no profits. While generally profit-sharing is to be unitwise, it is recommended that the sharing of profits may be on the basis of industry-cum-locality as regards the textile industry in Bombay, Ahmedabad and Sholapur (para 23). Under this, the workers of units which do not make any profits will also get a share. Thus it involves payment of minimum bonus by units who have either incurred a loss or made a profit less than the average profit of the industry. A further inequity under this arrangement is that in units where the profit amount due to labour exceeds the sum required to pay the minimum bonus, such excess will have also to be paid to the workers of that unit. This will naturally result in workers in the same industry and same region getting different amounts. This certainly carries germs of discontent.

3 The definition proposed that paid-up capital plus reserves would mean capital employed in the business, i.e., the sum by the employment of which profits are earned is not correct because it will not include borrowings from banks or otherwise on floating stocks and also debentures raised at low rate of interest. These amounts also constitute the sum by the employment of which profits are earned. Any definition that excludes these amounts from capital employed cannot be accepted as correct or just. Further, if the definition proposed is accepted, it will encourage extravagant capital expenditure and borrowings at uneconomical rates of interest which will react to the detriment of the company. Formula 2 under para 16, regarding assessment of capital employed according to the present value of plant and fixed assets plus stock-in-trade, stores and working capital is admitted to be scientifically satisfactory but is stated to be difficult of calculation. That such calculation is possible is proved by the fact that the pre-war Tariff Board had adopted the method of arriving at capitalised value by estimating cost at current prices. Moreover, in such an important matter as calculation of capital, it will be lack of appreciation of its seriousness to talk of simple and rough and ready formula. The formula chosen should be scientifically accurate as it will have repercussions on the essential development of industries.

4. In para 20, it is stated that 10 per cent. of net profits as reserves for maintenance and expansion will be sufficient. It need hardly be stated that this percentage is very small. Expansion will cost much especially under the present circumstances and the reserves provided should be sufficient for the industry. I feel that the appropriate percentage for reserves will be 20 to 25 per cent. of net profits according to the nature of the industry.

5. It is recommended that 50 per cent. of the surplus profits should be the labour's share (para 22). It must be realised that the whole proposal of introducing profit-sharing

scheme by legislation in the manner envisaged is novel. It is, therefore, advisable, as far as possible, to be guided by the system followed in foreign countries where the scheme had been introduced in some form or other. The percentage of profit falling to labour's share in most countries is found to be only from 10 to 12½ per cent. and nowhere about 25 per cent. There is every reason to adopt a more cautious policy in this country having regard to its undeveloped economy.

6. When it is stated that the Committee are not concerned with "ideological considerations," I feel that it is not very relevant to make the observations made about managing agency commission, etc., under para 8, especially when the terms of reference do not include the question.

In communicating the above views, I have expressed my anxiety that the proposal recommended by the Committee should be really practical, achieving the fundamental objectives of increased production and industrial peace and should not turn out to be one proposed for sentimental reasons carrying adverse consequences.

Note of Dissent by Prof Radhakamal Mukerjee

I sign the report subject to certain reservations that I would consider indispensable in order that profit-sharing may play a valuable role in our present industrial crisis connected with the marked diminution of industrial output in the country.

In my view the Government while accepting the Resolution of the Industries Conference rightly laid special stress on this aspect of industrial policy, viz., that labour's share of profits should be "calculated on a sliding scale normally varying with production." This is included in the very terms of reference for this Committee.

The Committee was asked that if such profit-sharing linked with production was considered impracticable, alternatives might be explored.

Since profit-sharing is recommended, it has got to be linked with output in accordance with the Government's declared policy. I think it unwise for the Committee to modify the very basis of profit-sharing in contravention of accepted policy.

The Committee took the view of delinking profit-sharing from output largely because a norm or standard is, according to their opinion, difficult to estimate. This view is altogether unscientific and incorrect. In any industry and under any conditions of production statistical norms are easily reached by averaging. This is the normal process by which *entrepreneurs* forecast and control output, costs of production, profits, wages and prices. Deviations from the norm are also quantitatively measured.

Further, any scheme of profit-sharing that imposes a flat rate of distribution irrespective of output is not profit-sharing but a form of industrial taxation to subsidise the labour force. This might enhance costs of production and prices of industrial commodities and thus affect adversely employment, technological progress and the interests of the common man.

Moreover, in the present grave crisis in the country arising out of the reduction of industrial production, it will be a blunder not to link profit-sharing with output. In Czechoslovakia, under similar conditions of shortage, profit distribution in a compulsory sharing scheme was linked with the economic results of workers in 1946. This was previous to the *coup d'état*. To distribute 50 per cent. of the divisible profits to the labour force forthwith, without its demonstrable participation in an increased production programme or in spite of its slackness may jeopardise not only the very purpose of the scheme but also the larger interests of the general public.

My formula for the determination of the workers' share in divisible profits is as under :—

1. 12½ per cent. of the divisible profits may be regarded as the basic minimum to be distributed to the workers of an industrial establishment on basis of the principle of social justice.

2 The workers' share of the profits to increase from 12½ to 50 per cent. in accordance with increase in output. For every increase of *per capita* output over standard output by 1 per cent. an additional 2 per cent. of the divisible profits to be allocated to the workers but in no case shall the workers' share be more than 50 per cent. of the total divisible pool.

3. By standard output is to be understood the average output per worker during the years 1943, 1944 and 1945. The norm will have thus to be determined for each factory individually with reference to the base years, which give due weight to factors affecting workers' productivity in the industry as a whole. For the establishments that came into existence after 1943, the standard or the norm shall be the same as of the representative units in each industry.

4 The individual share accruing to each worker shall be determined by the proportion of his earnings to the total wage bill of the establishment.

5 It will be distributed in the form of cash, not exceeding 25 per cent. of whole in any particular year, and the balance in the form of bonus shares, which would not form part of capital, but in every other way shall confer the same right as ordinary shares.

Distribution to workers of profit in the form of cash entirely is calculated to aggravate the present inflationary trend. The Committee's limitation to 25 per cent. of the basic wage will prove insufficient to counteract this tendency.

Besides, there is another and more significant aspect of profit distribution in the form of bonus shares by which labour acquires a stable, continuing and expanding stake in the industrial establishment. This helps to build up a loyal and stable labour force, as has been the experience in foreign countries. The issue of stock to workers is also conducive to capital formation and mass distribution of industrial ownership.

As a matter of fact compulsory profit-sharing with distribution of stock to the workers will pave the way towards the realisation of industrial democracy and the building up of a pattern of socialism that may be in greater consonance with Indian social traditions based on harmonious personal relationship between labour and management rather than on class cleavage and struggle.

Note of Dissent by Mr Asoka Mehta.

I regret my inability to concur with all the recommendations of my colleagues. As the differences are vital, it would be unwise not to mention them.

2. While it may be necessary to exclude, wholly or in part, workers who participate in illegal strikes from the benefit of profit-sharing for that year, to discourage unscrupulous employers from egging on workers to illegal strike, it should be provided that workers' share, in the event of illegal strike, shall be forfeited to the Government. In no case should the workers' share in surplus profits be allowed to be added up to the share of capital.

3. *Capital employed.*—Paragraph 18 argues that as the terms of reference to the Committee are, to define what is capital employed in the industry, the term should be defined as capital plus reserves as this represents the capital actually employed in running the industry. The fallacy in this argument is that it confuses between the two functions of capital—the use and the risk bearing functions. The capital employed in industry can only be defined in terms of its risk bearing capacity and in no established industry can it be argued that the entire reserve is performing this function of bearing the risk. Hence applying both the criteria mentioned in paragraph 17 it can be safely asserted that the formula (4) mentioned in paragraph 16, viz., paid-up capital plus half the reserves, is the correct formula for capital employed in industry. This argument is irrespective of the validity or otherwise of the theory that reserves should not wholly belong to capital.

4. *Fair return on capital.*—As the profit-sharing scheme is to apply to a few well-established industries we have to take into consideration the substantial reserves built up in these industries. Thus to quote the instance of nearly 40 representative concerns in textile

industry all over the country, in 1946, the total paid-up capital (viz., ordinary paid-up capital plus preference shares) comes to nearly 12 crores of rupees while the reserves figure comes to about Rs. 20 crores. Thus the reserves are almost double the paid-up capital plus preference share capital. If the suggested formula of 6 per cent. return on paid-up capital plus reserves were to be applied the fair return will come to nearly rupees 1 crore and 92 lakhs, while the net profits in 1946 in these concerns were 3 crores and 24 lakhs. Thus the fair return will come to nearly 59 per cent. of the net profit, while the actual dividend paid by these concerns during the year comes to only 50.37 per cent. of the net profits. And the year 1946 was a fairly good year for the textile shares on the stock market ! The cumulative dividend, on this formula, therefore, works out to be more than the actual dividend paid during a prosperous year.

If, on the other hand, paid-up capital plus 50 per cent. reserves are taken as capital employed in industry and six per cent. formula is applied the dividend figure will come to Rs. 1 crore and 32 lakhs. This works out at 41 per cent. of the net profit of the concerns in 1946. Even this figure is excessive and if the actual dividend paid during normal years is taken as the basis it will be below this figure. If 4 per cent. formula is applied to paid-up capital plus half the reserves the fair return will come to 88 lakhs. This will work out at 33 per cent. of the net profit and this is quite a reasonable and fair return.

5. As for the Managing Agency commission I would like to particularly emphasise the suggestion in the main report that this question should be considered by a Committee at an early opportunity and suggest that it should be done before the final policy with reference to industrial relations is formulated by the Government

6 Profit-sharing has been recommended by the Committee not as a direct incentive to production but mainly for its indirect effect on industrial peace. That purpose would be better served by imparting to the profit-sharing scheme an industry-cum-regional bias. Such bias will make the scheme as hinted in the report, a powerful means of improving efficiency of industrial undertakings. What is accepted as the exception in the report, should therefore, in my opinion, be made the general rule.

7. It is to be regretted that the terms of reference precluded the Committee from considering profit-sharing as a means of improving industrial relations. The world over those who advocate profit-sharing as an indirect incentive to production emphasise its significance in rationalising the management-employee relationship. Profit-sharing can prove of great value if it is treated as a means of giving workers a share in control and direction in industrial undertakings. That aspect of profit-sharing, rich with possibilities for improved production and better social order, has remained untapped.

Note of Dissent by Mr. Khandubhai K. Desai.

Profit-sharing.—I very much regret that I cannot agree with the main recommendations made by my colleagues in the Committee. However much I am anxious that a unanimous report is desirable, I find it very difficult to subscribe to the report as I have got fundamental difference with the main recommendation of the Committee with regard to calculation of employed capital and the fair return thereon. The essence of the profit-sharing scheme is that the workers working in industries should be made to feel that the other elements in the industry are not permitted to take from the joint products return which is out of all proportion to the minimum that should be given under normal times. The Committee was constituted to make recommendations to the Government with regard to the profit-sharing scheme which the Industries Conference contemplated in December 1947, while the Industrial Truce Resolution was adopted by the said Conference. The Tripartite Conference subsequently endorsed in the main the Resolution of the Industries Conference. The object of introducing the profit-sharing scheme in the country was to create an atmosphere of goodwill and co-operation among the different sections engaged in production. Such goodwill and co-operation can be created, if the industrial relations between the worker and the industry are developed on healthy lines. The object of the Resolution in the Industries Conference on Industrial Truce was to make the workers engaged in the industry, feel that they are not only an integra

part of the production machinery of the country, but they are effective participants and co-equal partners and sharers in the fruits of industrial production. I feel that the recommendation made by my colleagues in the report, does not psychologically fulfil the aforesaid objects. If the main object of the said Resolution is to be fulfilled, the recommendations which I propose to make in this Note will be found indispensable.

(2) The fundamental issues before the Government are .—

(i) The general economic and financial policy of the Government should be designed to prevent excessive profits to the capital by such means as fair wages, regulation of prices and taxation. In the matter of adjusting the above factors, the interests of the community, as a whole, require primary consideration.

(ii) A fair wage to labour must be the first charge on industrial production. These wages must be paid whether profits are made or not, as a worker is not expected to work with health and efficiency unless fair wage is paid to him, to put in requisite energy, initiative, and efficiency in the work. A separate Committee is being established to enforce fair wages as contemplated by the Industries Conference. The Government will have to appoint such a Committee without any loss of time, and the recommendation of such a Committee will naturally form the main basis of wages. I do not think that the existing wages are a fair wage to labour, and it is wrong to assume the existing wages as the equivalent to fair wages for the purpose of the Committee.

(iii) After fair wages are paid in the revenue accounts as expenditure, provision will have to be made from gross profits for reasonable depreciation for the maintenance and continuance of the industry. The surplus left after the ordinary charges are met in the industry will, of course, be liable to taxation. After the taxation of the State is paid, the return to capital in the form of reserves and the fair dividend to the investment, would have to be taken out before the amount to be distributed among the workers is arrived at. This, in short, is the basis on which a scheme of profit sharing is to be devised.

(3) Whether a profit-sharing scheme can be intrinsically and scientifically correlated with production in a direct way, has been examined by the Committee and I agree with the conclusions of my colleagues that it will not be feasible to correlate the share of labour with production for various reasons. The scheme of profit-sharing will, according to me, create living interest and initiative among the workers resulting in a sense of responsibility and oneness with the industry in which they are working. The workers would not then feel that they are mere machines working at the behest of some outsiders, but they will consider themselves to be the part and parcel of the industry which is run mainly in the interest of the community. It is necessary to create such nobler feelings and when these feelings are created, smooth industrial relations is naturally the result which will, in its turn, help the production. The linking of share of profits of individual workers to the earnings of the previous year will automatically reflect production, regularity and industrial peace and, therefore, the object of increased production and efficiency is definitely assured, though in an indirect manner.

(4) *Scheme to be unitwise or industrywise.*—The Committee very fully discussed the question whether the scheme of profit-sharing should be applied unitwise or industrywise. Generally, I agree with the recommendation of my colleagues with regard to this aspect of the scheme. As the scheme is intended to be applied gradually to most of the industries working in the country, it would be desirable to make the scheme normally applicable to unitwise. However, I definitely hold that large industries like cotton textiles, jute, sugar, and such other industries, where undertakings are located in large numbers in definite localities or local areas, it will be more desirable to make the scheme applicable industry-cum-local areawise according to the discretion of the Provincial Government. Some sort of profit-sharing scheme is even now operating in large industries like cotton textiles, and coal mines in the form of annual bonuses. It is a well-known fact that this scheme of bonus payment is industry-cum-regionwise, and it has worked satisfactorily for the last so many years, and therefore it would be risky to change this system in such regions, and any change in that direction will frustrate the very object of the profit-sharing scheme.

(5) The profit-sharing scheme does not lose its inherent value by making it region-cum-industrywise as the workers in industry working in a particular region will be feeling

group sense, as they are already feeling. The advantage of making a scheme region-cum-industrywise in localities and regions where large number of units of an industry are located, is to create a sense of collective interest on both sides which is ultimately in the interest of the community, as a whole.

(6) *Application of the scheme to industries.*—I would recommend that the scheme of profit-sharing should be applied in the first instance to

(i) Cotton textiles, (ii) jute, (iii) steel, (iv) cement, (v) manufacture of tyres, (vi) manufacture of cigarettes, (vii) plantations.

(7) *Managing agents' commission.*—The question of managing agents' commission is, in my opinion, a relevant factor in considering any scheme of profit-sharing. The remuneration that is being paid to the managing agents in the industries above mentioned is not uniform and any scheme that does not take into consideration an uniform scale of allowance for managing agents is unfair both to the workers and different undertakings. It has been felt by everybody that the present system of managing agency and the manner of paying remuneration to them is undesirable; but the Committee by its terms of reference is precluded from expressing any opinion on the system of managing agency. However, I feel that it is within the scope and purview of the Committee to fix for the purpose of computing the labour's share in the profits, an uniform scale of remuneration to the managing agents. The managing agents' commission which is governed by a contract among the shareholders and the managing agents cannot really be distinguishable from the return on capital. According to me the managing agents' commission is an additional remuneration to the capital which, in justice, should not be ignored while share to the labour is under discussion. The remuneration at the rate of $7\frac{1}{2}$ per cent. on net profits after meeting depreciation is, in my opinion, fair and adequate remuneration to the managing agents for the services they render to the industry.

(8) *Depreciation.*—Depreciation on plant and building is certainly an indispensable charge on the profits of any industry. Therefore, no scheme of profit-sharing can be devised without setting apart the adequate amount for depreciation. The depreciation allowed by the taxation authorities for the purpose of income and super-tax is the proper criterion to follow in this respect. Whatever amount the authorities may allow for this purpose should be made the first charge on the surplus. I recommend that the Government should make it compulsory on the industry to set aside this amount which should not be spent or frittered away for any other purposes than intended.

(9) *Determination of capital employed.*—Various viewpoints have been advanced before the Committee by the various interests who have appeared before the Committee with regard to determination of the capital employed. The shareholders have really invested only the paid-up capital of the companies, and therefore it has been suggested that this will be the only capital which should be taken into consideration for the purpose of our scheme. On the other hand, it has been urged by those who appeared before us on behalf of the industry, that replacement value of the plant should be considered as capital employed. The labour organisations contended that the reserves built up out of the profits really belong to both capital and labour and, therefore, in giving the additional remuneration to labour in the form of profit share, any calculation as return on reserve which is a joint product is unfair and absurd. As a matter of compromise, however, they agreed to allow only one-half of the accumulated joint reserve for the purpose of calculating the return. Taking all the relevant factors of the existing economic structure in the country, I recommend that it is expedient to allow the reserve built up till the end of 1947 to be allowed for the purpose of this calculation. The reserves to be allowed for this purpose should, of course, exclude the depreciation fund, machinery renewal fund, dividend equalisation fund, labour welfare fund, and such other funds which are set aside for any specific purpose. The reserves that I would allow for the purpose is only the general reserves which are built up for the purpose of meeting emergencies which may arise under fluctuating trade conditions from time to time. In future, reserves that will be compulsorily taken out according to the profit-sharing scheme should not form a part of the reserves for the purpose of computing the employed capital. If the scheme as recommended by my colleagues is accepted by the Government, the obvious result will be that the additional reserves from year to year will require increasing return to the capital, and the share of the workers will proportionately go on decreasing, ultimately

reaching probably zero. I do not think this is the purpose of any profit-sharing scheme. The profit-sharing scheme envisages the conditions in which the workers working in industry will continue to get additional remuneration which will help them to raise their existing meagre standard of living. The scheme as contemplated by my colleagues on the contrary will result in decreasing the amount year by year that will be distributed among the workers. Therefore I am very definitely of the view that any profit-sharing scheme that may be statutorily enforced by the Government should lay down that any future accretion to the reserve under the scheme should be excluded for the purpose of calculating the surplus profit which should be shared with labour

(10) *Reserves.*—The reserve that is required to be taken out of every year's profit should, by its very nature, be considered as a part return to capital employed. My colleagues would like it to be treated as something with which the return on capital has nothing to do. The manner of treating the reserve as such is not only unfair but is against even the capitalist conception in the present economy. The fair return which the various Tariff Boards and other Committees have recommended from time to time in the past have been with relation to fixation of prices or protecting industries against foreign competition, have invariably included the reserve as a part and parcel of the return on the capital. I recommend that 10 per cent. of the net profits after allowing for $7\frac{1}{2}$ per cent. as managing agency remuneration and depreciation according to income-tax basis should be considered as adequate provision for reserve. This provision of reserve should be made compulsory and should form a part of fair return to capital while computing the surplus share of labour for the purpose of this scheme.

(11) *Fair return to capital.*—The question of return to the capital has been placed before the Committee in various ways. On a balanced consideration of all the viewpoints placed before the Committee and taking into consideration the psychological as well as existing economic trend and conditions in the country, my conclusion is that a fair return of 6 per cent. which includes the 10 per cent. reserve as stated in above paragraph should be found more than adequate for the purpose of this scheme. If, however, the Government would like to exclude the 10 per cent. reserve which is to be taken out compulsorily from the profits of the year, the return on the employed capital, as I have defined in para 9 above, should not be more than 1 per cent. above the bank rate. The additional one per cent. is given for the purpose of this calculation in order to cover any risk that may be thought of. However, I am of the opinion that under the existing policy of the Government so clearly defined, there is no risk for any industry as the Government under adverse circumstances will always give adequate protection to the industries. While considering the important question of fair return to the capital, it should not be forgotten that the capital will get additional return from its share in surplus profits to be divided between the capital and labour. If any distributable surplus is left after making provision for depreciation, taxation, managing agents' commission, and fair return to the capital, the share of the capital of course will be considerable, and this additional return on the capital cannot be ignored while we are framing the scheme of profit-sharing which will only come into operation, if there is surplus to be shared.

(12) *Labour's share in profits.*—The labour's share in the profits arrived at after making provision for depreciation, managing agents' commission, taxation, and fair return to capital as discussed in para 11 above, should be 50 per cent. of the distributable surplus. The individual worker's share in profits should be in proportion to his total earnings minus dearness allowance and any other bonus received by him. If an individual worker's share exceeds $33\frac{1}{3}$ per cent. of his basic wage, I consider that cash payment should be limited to $33\frac{1}{3}$ per cent. and the excess should be held in his account either in his provident fund or otherwise. The workers share of the profits would normally be distributed by the undertaking in which the profit share is calculated under the scheme. Where the profit-sharing scheme is applied industry-cum-regionwise, the distributable surplus should naturally be arrived at by compiling the balance-sheets of various units of the industry in their region. The aggregate distributable amount thus calculated will form the basis on which individual undertaking will pay to their employees according to their earnings in the previous year on the basis of certain uniform percentage of the earnings of individual workers.

I am really sorry that I could not find myself in agreement with the recommendations of my colleagues on the Committee. My colleagues appear to feel that the present high profits

which the industries are making will continue. However, I definitely hold that the existing profits are a very great burden on the community, and in the near future the profits of the industries would have to be very considerably reduced. The scheme that the Committee recommends should be such that even with the reduced profits, the workers may be enabled to draw some additional remuneration out of profits. The scheme as put forward by my colleagues though unintentionally, is calculated more or less to stabilise the existing return to the capital which, according to me, is very high and by which the interests of the community are not adequately safeguarded. The scheme that I have adumbrated in my report is based on providing fair deal to all the interests concerned under reasonable normal conditions prevailing in industries. I do not think that it is proper to take the abnormal periods of high profits to be the basis for the purpose of evolving a scheme of profit-sharing. The profit-sharing scheme must necessarily be based on what we think should be the reasonable profits which an industry is expected to earn under normal circumstances. I am also of the definite view that if the scheme as envisaged by my colleagues is accepted by the Government, it will not leave any tangible surplus profits to be shared by labour

• *Note of Dissent by Mr V B Karnak*

I differ with my colleagues on the following points. As I consider the difference to be of a vital character I think it necessary to record it :—

(1) "Capital employed" for the purposes of the profit-sharing scheme should be paid-up capital plus half the reserves and not all the reserves as suggested by my colleagues. It is not a question of theory, but of ascertaining in a rough and ready manner the actual capital employed in the various units of the industries to which the scheme is to apply. As it is not possible to ascertain it by carrying on investigation with regard to each unit a general rule must be adopted on the basis of certain reputed facts. It is a fact that in the case of most units all the reserves are not employed for making profit in the same business. Under the circumstances, paid-up capital plus half the reserves would be a fairer and more appropriate definition of the term capital employed.

(2) Fair return on capital employed should be at the rate of 4 per cent. on paid-up capital plus half the reserves. It is not appreciated that this is not the only return that capital will be receiving. With the addition of something more out of the surplus profits coming to its share this will prove quite an attractive return on capital.

(3) As we are practically breaking new ground in the matter of introducing a profit-sharing scheme for certain industries by legislation, there should have been no objection to accepting the innovation suggested by labour of an industry-cum-localitywise distribution of profits. That would be more effective from the point of view of improving industrial relations. In any case the form suggested for the textile industry in Bombay, Ahmedabad and Sholapur should be extended to Kanpur and Coimbatore where also there is a large accumulation of individual units of that industry.

(4) Reserves should not be allowed to be accumulated for purposes of expansion. That should be financed by the raising of new capital. Allowing expansion through reserves will foster the tendency towards the growth of monopolies and cartels. There should be in addition an upper limit to the accumulation of reserves.

(5) There should be some limit on the total amount of emoluments that managing agents can draw from a business. Without such a limit there will always be the danger of managing agents appropriating to themselves a large part of the profits to the detriment of workers as well as shareholders.

(6) In order to make the profit-sharing scheme run smoothly, it will be necessary to evolve a machinery of joint industrial and unit councils. In addition, it is necessary to provide a machinery for a speedy disposal of workers' complaints regarding the working of the scheme. In suitable cases there should be provision for an appeal to Industrial Courts. Disposal of complaints will be facilitated if standard forms are prescribed for keeping accounts and preparing balance-sheets.

(7) It will be positively harmful to provide for withholding of profit-sharing bonuses in case of illegal strikes. Such a provision will embitter the relations between workers and

employers and will be the cause of immense mischief as well as grave injustice. I am totally opposed to illegal strikes. I am, however, of the opinion that they cannot be prevented by such a provision. In the present disorganised and chaotic condition of industrial relations it will be impossible to give effect to this provision, unless the intention is to deny the benefit to large numbers of workers. Many illegal strikes take place because of ignorance, or because of provocative actions of employers or because of coercion and intimidation. It will be sheer injustice to deprive workers of their profit-sharing bonus in such a case. When profit-sharing is being adopted with the object of improving industrial relations it is better to begin with confidence in workers than to flourish such a threat.

(8) Profit-sharing should be viewed as a step in the direction of co-partnership between industry and labour. If the scheme succeeds it may enable us to develop a new type of co-operative industrial structure in our country. The experiment should therefore be viewed also from this larger perspective in addition to the beneficial effects that it will have on production and industrial relations

(9) I cannot accept the statement made in clause (b) of paragraph 7 that 'prevailing wages must be regarded as the equivalent of fair wages for purposes of this Committee.' The prevailing wages are not fair wages and if the profit-sharing scheme is to succeed and industrial peace is to be ensured the Government must take immediate steps and see that fair wages are assured to workers in all industrial units. As was made clear by all labour representatives, workers are more keen on getting fair wages than in sharing in profits. I hope the Government will take early steps to fulfil this first pre-condition of the Industrial Truce Resolution

(10) Neither high wages nor profit-sharing bonuses will ensure increased production if the economic condition of workers continues to deteriorate as a result of steep rise in prices of essential commodities. The phenomenal rise in prices that has taken place during the year is holding up all economic progress and is ruining the workers and all other classes with fixed incomes. It is essential, therefore, that the Government should take immediate steps to control prices and to make the essentials of life available to the people at prices which they can pay

APPENDIX 14.

PROPOSED FIXATION OF FAIR WAGES FOR INDUSTRIAL LABOUR.

Copy of letter No. CFW(1), dated 8th December 1948, from the Secretary, Fair Wages Committee, Ministry of Labour, Government of India, New Delhi, to the Association.

You are no doubt aware that the Central Advisory Council at its meeting held at Lucknow from the 19th to the 21st November 1948, decided to appoint a Committee to consider and report on the question of the principles of "fair wages" and the statutory machinery for their enforcement. The Committee met at Delhi on 6th December 1948 and decided to issue a questionnaire to all concerned with a view to eliciting opinion. I am accordingly directed to send copies of the questionnaire and to request you to be so good as to send your reply so as to reach me on or before 10th January 1949. A sufficient number of copies is being sent to you under separate cover for circulation among your members.

As the Committee has been asked by the Central Advisory Council to submit its report in the month of January 1949, it is requested that your reply should reach me with the least possible delay and in any case not later than the 10th January 1949. It may not be possible for the Committee to take into consideration replies received after the 10th January 1949. In order to expedite the work of the Committee it will be appreciated if you will kindly send not fewer than five copies of your replies and, if possible, fifteen.

I shall be glad to supply you with additional copies of the questionnaire if required.

*Copy of letter No. 372-B, dated 5th January 1948, from the Association to the Secretary,
Fair Wages Committee, Ministry of Labour, New Delhi.*

With reference to your letter No. CFW(1), dated the 8th December 1948, I enclose herewith five copies of the Association's replies to the questionnaire issued by the Fair Wages Committee.

Replies to the Questionnaire on the Principles of " Fair " Wages and the Statutory Machinery for their Enforcement.

A. PRINCIPLES OF WAGE FIXATION

Question 1.—What, in your view, is a " fair " wage and what are the principles underlying it ? How is it related to (a) a " minimum " wage and (b) a " living " wage?

Reply 1.—" Fair " wage is a relative conception and it is, therefore, difficult to define the term. No definition has so far been attempted in any statutes or by economists, arbitration tribunals or trade boards. A wage is " fair " when it compares favourably with the wage paid for an occupation requiring the same skill, training, experience and disagreeableness in the same or like industry, in the same or like region by good or reputable employers. If a definition is to be attempted it may be as follows :

" A ' fair ' wage is that which will satisfy the reasonable needs of the reasonable worker, applying reasonable standards. It is a wage which is a ' fair ' return for the work and which will maintain the standard of living of his class as measured by rates paid in the same industry and in kindred industries after making all allowances necessary to equalise differing conditions."

The principles underlying " fair " wage are

(a) Needs of the worker and his family in regard to subsistence living in the place in which he lives ; (b) the general standard of living ; (c) the nature and value of work done ; (d) age, sex, degree of skill, efficiency and training required ; (e) comparison with the wages paid to workers in comparable occupations ; (f) the capacity of the industry to pay ; (g) the level of national income ; (h) the place of the industry in national economy ; (i) the effect on employment position ; (j) the effect on consumer, and (k) existing statutory benefits, such as social security measures, employers' contributions towards housing, provident fund, etc., and indirect benefits of voluntary welfare work carried on by employers.

Reply 1 (a) and (b).—The minimum wage is the first rung of the wage ladder, and the living wage the topmost. The " fair " wage may lie between the minimum and the living wage. The " living " wage is an ideal to be progressively realised in the future. It is important to note that the concept of both the " minimum " and the " living " wage is variable and so also that of " fair " wage.

Question 2.—What considerations would you take into account for fixing the minimum required for subsistence ?

Reply 2.—The following items of expenditure are usually taken into consideration for the fixation of the minimum requirements for subsistence : (a) Food ; (b) clothing ; (c) fuel and lighting ; (d) rent

The expenditure of a normal family on subsistence level on the items mentioned above should be taken into account

Question 3.—(a) What considerations would you take into account for fixing the living wage ?

(b) Should the living wage include, besides the minimum required for subsistence, (i) the minimum required for keeping the worker and his family in a reasonable state of health and efficiency ? (ii) the minimum required for ensuring a degree of comfort ?

Reply 3 (a).—The following considerations should be taken into account for the fixation of a living wage :

(i) The family is the unit consisting normally of one male, one female and two dependants or children, i.e., 4 members. The consumption units will be :

Male	..	..	..	..	..	..	..	1.0
Female	..	..	..	..	..	..	..	0.8
Two dependants	..	..	..	..	..	..	..	$0.6 \times 2 = 1.2$
								<hr/>
Total 4	..	..	..	..	..	..	..	3.0
								<hr/>

(2) The following items of expenditure of a normal family may be worked out for arriving at a living wage : (a) Food, (b) clothing, (c) fuel, lighting and sundries, (d) rent, (e) margin

The expenditure involved on items (a) to (d) will depend upon the quantity and quality of the articles selected after deciding the norms in respect of these four items. Then the prices ruling in the locality in which the family lives will have to be applied

Reply 3 (b) (i).—Yes

Reply 3 (b) (ii).—Yes.

Question 4.—In determining the fair wage for the least-skilled worker, what degree of importance would you attach to the following or any other relevant considerations :—

(i) the minimum wage standard ; (ii) the living wage standard ; (iii) the capacity of the industry to pay ; (iv) the productivity of labour ; (v) the prevailing rates of wages in the same or similar occupation in the same or neighbouring localities ; (vi) the existing level of national income ; (vii) the place of the industry in the national economic structure ; (viii) the economic position and prospects of the industry ; and (ix) the effect on the community in general and on the industry in particular.

Reply 4 —It is necessary to point out that the least-skilled worker would be entitled to the minimum wage standard, while determining a " fair " wage for the industry in which he works. In other words, the minimum wage is the " fair " wage for the least-skilled worker and the " fair " wage for other categories of workers would be higher than the minimum wage.

In addition to the nine principles set out above, the following three may be added : (a) The nature and value of work done ; (b) age, sex, degree of skill, efficiency and training required ; and (c) the existing statutory benefits, such as social security measures, employers' contributions towards housing, provident fund, etc., and indirect benefits of welfare work carried on by employers

Question 5.—Is it feasible to assign a " weight " to each of the above factors ? If so, what should be the weight and on what considerations would you arrive at it ?

Reply 5.—It is neither feasible nor desirable to assign " weights " to the factors or principles set out below. It is not feasible because one or the other factors will assume importance according to the state of the industry and its importance. It is not desirable because ideas change rapidly and no unalterable " weights " can in the circumstances be balanced at the bar of public opinion.

However, the following five appear to be more important than the others : (1) The minimum wage ; (2) the capacity of the industry to pay ; (3) age, sex, degree of skill, efficiency and training required ; (4) the productivity of labour, (5) comparison with wages paid to workers in comparable occupations.

It must at the same time be pointed out that in arriving at a " fair " wage, all the 12 factors mentioned above should be carefully considered.

Question 6.—What method of enquiry would you suggest for arriving at the living wage ?

Reply 6.—The method to be adopted for arriving at a "living" wage should be based on the results of a detailed family budget enquiry. With the help of the data thus collected, the requirements of a normal family should be arrived at and after deciding upon the "norms" in respect of the main items of expenditure, such as food, clothing, fuel and lighting, housing, etc., the "living" wage should be constructed. This should be on the basis of the prevailing prices, i.e., prices during the base period. It may be added that this was the method adopted by the Bombay Textile Labour Inquiry Committee.

Question 7.—While determining the fair wage, would you make any allowance for enabling the worker to meet certain calls on his income, such as those connected with sickness, marriages, funerals, etc. ?

Reply 7.—After having arrived at a minimum wage, some margin will have to be allowed in arriving at a fair wage. The former is worked out on the basis of bare existence level, while the latter, i.e., "fair" wage, should cover to some extent, foreseeable calls on incomes. In view of this, while determining the "fair" wage for more skilled workers in an industry in a local area, some allowance may be made. Sickness would be covered by the Employees State Insurance Act in respect of factory workers and similar provision should be made for non-factory workers and agricultural labour.

Question 8 (a).—Should the fair wage be determined on the needs of the individual or of himself and his family ?

(b) Should it also be determined on the number of wage earners in the family ?

Reply 8 (a).—A "fair" wage should be determined on the needs of a "normal" family as defined above.

8 (b). —If in deciding a "fair" wage a normal family as defined in reply to question 3 (a) above, is considered, then it will not be necessary to take more than one wage-earner in the family. If, however, it is decided to take the normal family on the basis of the average size of the family ascertained as a result of the family budget investigation, then the results of that enquiry in regard to the average number of earners in the family should also be taken into account in determining a "fair" wage.

Question 9.—What should be taken as the size and composition of the standard family for determining a fair wage ?

Reply 9.—It is suggested that a normal family as indicated in reply to question 3 (a) above should be considered. In the alternative, the size and composition of the standard family should be arrived at on the basis of the family budget enquiry.

Question 10.—How would you determine the "capacity of an industry to pay" fair wages ?

Reply 10.—To determine the capacity of the industry to pay a "fair" wage, there should, *ceteris paribus*, accrue to the industry at least such reasonable profits as would enable the units of the industry to renew and reasonably expand the capital equipment and pay reasonable dividends, after providing for the following :—

(a) The costs of raw material, stores, power, etc.; (b) wages and salaries; (c) establishment charges, the commission or the managing agents' allowance, the directors' and auditors' fees, etc.; (d) charges on account of rates and taxes, insurance and repairs, and other miscellaneous charges; (e) commission on sales; and (f) interest on capital borrowed.

Question 11.—To measure the "productivity of labour" what are your suggestions for the fixation of norms in the various industries and processes ?

Reply 11.—With a view to fixing "norms" in respect of various occupations and industries, as regards the productivity of labour, it would be necessary to undertake a series of scientific time and motion studies for the proper assessment of workloads and for job analysis.

B WAGE DIFFERENTIALS.

Question 12.—What principles do you think should be adopted in working out differentials in the wages of different categories of employees in a unit of an industry ?

Reply 12.—The following factors may be considered in working out differentials in the wages of different categories of employees in a unit of an industry : Skill, strain, experience, training required, responsibility, mental equipment and physical requirements.

Question 13.—Do you think that there should be any differentiation between the wages to be paid to men and women for the same or similar type of work ?

Reply 13.—This question does not arise in respect of occupations which are paid on " piecework " system. As far as time-rates occupations are concerned, there should be no difference in rates of wages for similar type of work in industries. These remarks apply to factory industries only and not to agricultural labour.

Question 14.—Are you in favour of fixing a fair wage for all categories of employees or only some ? If the latter, for what categories ?

Reply 14.—It has already been pointed out in answers to foregoing questions that a minimum wage can be considered as a " fair " wage for the least-skilled occupations. It has also been stated that in fixing " fair " wage for others than the least-skilled ones, additions to minimum wage may be necessary. In other words, determination of a " fair " wage should be applied to the whole industry at a particular centre and not to any particular category or occupation in one unit or in one industrial centre. For instance, if a minimum wage has been fixed at Rs. 26 for cotton textile mills at some centre and if the average wage in that industry comes to Rs. 34-8, then the question to be considered would be whether Rs. 34-8 is a fair wage or not and not whether Rs. 26 is a " fair " wage for that industrial centre.

Question 15.—Should fair wages be determined, in the first instance, for all industries, or only some ? If the latter, for which industries ?

Reply 15.—A " fair " wage should be determined in the first instance, for industries in respect of which wages have not been fixed by Tribunals, Industrial Courts, adjudicators or by any Government agency. Then all factory industries should be considered for the determination of a " fair " wage. The agricultural labour should also be brought within the scope of the machinery for the fixation of fair wage.

Question 16.—Should the fair wage be determined on—(i) a national basis, (ii) a regional basis, (iii) an industry-wise basis, or (iv) an industry-cum-regional basis.

Reply 16.—Having regard to the size of the country, distribution of industries in various provinces, their state of development, etc., the " fair " wage should be determined on an industry-cum-regional basis.

C. WAGE ADJUSTMENTS.

Question 17.—What year would you select as the base year for fixing fair wages ? Since the Government of India have compiled cost of living index numbers for important centres in the country on base 1944, would you recommend that year as the base ?

Reply 17.—It would be advisable to take the pre-war (World War II) period of 12 months as the base for the fixation of fair wage, i.e., from September 1938 to August 1939. If at certain centres, the cost of living series are not available for that period, then a subsequent period may have to be selected. But efforts should be made to have, as far as possible, a common base period throughout the country for the determination of " fair " wage.

Question 18.—What method would you suggest for making adjustments in the fair wage so determined for subsequent changes in the price level ?

Reply 18.—After the determination of a “fair” wage for the basic period of 12 months ending August 1939 as suggested above, subsequent adjustments on account of the changes in the price level should be made by granting “dearness” allowance. The “fair” wage arrived at for the basic period should not be altered at intervals of short periods. Adjustments from month to month may be made by granting dearness allowance according to the rise or fall in the cost of living index.

A time may come when the post-war prices may stabilise at certain level and then the question of the revision of the “fair” wage may be taken up. In other words, the money contents of the “fair” wage may have to be revised by incorporating the then prevailing quantum of dearness allowance into it.

Question 19.—Should there be a progressive improvement in the fair wage determined, and if so, what should be the principles governing it?

Reply 19.—The principles governing the determination of “fair” wage would apply to the question of progressive improvements in the “fair” wage. It should be laid down that there should be no frequent tampering with the “fair” wage or revisions of “fair” wage at intervals of short periods. If any of the considerations set out above, alter in such a way that a revision of the “fair” wage is warranted, such a revision may be undertaken only if it is established that the altered conditions would continue to exist for a reasonably long time. In other words, spasmodic interferences with the “fair” wage should be avoided. If, for instance, a particular industry was able to make profits at a higher level in a particular year, the “fair” wage should not be altered but adjustment by way of grant of bonus should meet the case.

Question 20.—What would you suggest in regard to the extent of compensation by way of dearness allowance in the case of workers (a) in the lower categories and (b) in the higher categories?

Reply 20.—It is important to note that Awards of Industrial Courts and Tribunals as well as recommendations of several committees appointed by Government have laid down the principle that compensation by way of dearness allowance should not be granted to the full extent of the rise in the cost of living. The relief to be granted to lower categories of workers should be to the extent of 75 to 80 per cent and to higher categories at a lower percentage. The compensation should be granted at a flat rate of dearness allowance, so that it will give greater relief to lower categories than to higher categories. Such a practice has been established in major industries in our country during the past eight years.

D. MACHINERY FOR FIXING AND REGULATING FAIR WAGES.

Question 21 (a).—Please state what would be the most suitable statutory machinery for fixing and regulating fair wages in different industries according to the principles laid down for the determination of fair wages.

(b) In many countries such machinery consist of—(i) Arbitration Courts, (ii) a General Board for a number of Industries, and (iii) a Trade Board for each industry.

(c) Which of the above types of machinery do you consider suitable for adoption in this country?

Reply 21 (a), (b) and (c).—The statutory machinery should take the form of “Wage Boards” as envisaged in the Bombay Industrial Relations Act, 1946.

Question 22 (a).—If you are in favour of the establishment of a separate Trade Board for each industry, are you also in favour of the establishment of an all-India Authority for co-ordinating the activities of Trade Boards?

(b) If you are, what should be the functions of the all-India Authority?

Reply 22 (a).—Wage Boards should be set up for each major industry and in respect of small industries, the allied industries should be grouped together for this purpose. The Association is in favour of the establishment of an all-India Authority for co-ordinating the activities of Wage Boards.

(b) In addition to the co-ordination of activities of the Wage Boards, the all-India Authority should examine the fair wages determined by the Trade Boards in each Province and also advise the Trade Boards in their task of fixing "fair" wages. The all-India Authority should also issue bulletins containing the decisions of various Trade Boards together with any statistical and other material which would be useful for industries and Trade Boards in the determination of "fair" wages.

Question 23 —If you recommend the setting up of Trade Boards, should their decisions be final or subject to appeal to the all-India Authority ?

Reply 23.—The decisions of the Wage Boards should be subject to appeal to the all-India Authority.

Question 24.—Should the Government concerned have the power to appeal to the all-India Authority from the decisions of Trade Boards ?

Reply 24.—The Provincial and Central Government should have the power to appeal to the all-India Authority on the decisions of the Wage Boards in respect of their own employees. As far as the other industries (non-Government establishments) are concerned, Government should be empowered to appeal to the all-India Authority only in cases where, in its opinion, the "fair" wage has been fixed by the Trade Board at a higher level than what it should have been.

Question 25.—If you are in favour of providing for appeals to the all-India Authority, in what cases and subject to which conditions should such appeals lie ?

Reply 25 -- Same as reply 24

Question 26.—Should the all-India Authority have the power *suo motu* to revise the decisions of Trade Boards ?

Reply 26 The Association is in favour of empowering the all-India Authority to revise the decisions of the Trade Board, *suo motu*

Question 27.—Please state what should be the composition of the various statutory bodies you suggest.

Reply 27. --The Wage Board or the Trade Board should be composed of representatives of employers and employees in equal number with an independent Chairman. The composition of the all-India Authority should also be the same with the exception that there should be two additional independent members, viz., a technical expert and an economist

Question 28. If you favour the setting up of machinery for the fixation of fair wages would you exclude questions relating to wages and allowances from the jurisdiction of Industrial Tribunals and such other statutory bodies ?

Reply 28.—The Association is of the opinion that questions relating to wages and allowances should be excluded from the jurisdiction of Industrial Courts, Tribunals and similar statutory bodies.

APPENDIX 15.

REDUCTION IN IMPORT DUTY ON PLANT AND MACHINERY AND ABOLITION OF DUTY ON COTTON YARN.

*Notification No. 45 issued by the Ministry of Finance (Revenue Division), dated
23rd October 1948.*

In exercise of the powers conferred by section 23 of the Sea Customs Act, 1878 (VIII of 1878), the Central Government is pleased to direct that the goods of the classes specified

in the second column of the Schedule hereto annexed shall, when imported into any province of India, be exempt from so much of the customs duty leviable thereon as is specified in the third column of the said Schedule.—

SCHEDULE

Serial No	Nature of article	Extent of exemption
	Articles specified against items 72, 72 (1), 72 (2) and 72 (3) of the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934), except belting under item 72, spinning rings, wire bobbins, pickers and bobbins under item 72 (1) and grinding wheels and segments under item 72 (3)	5% <i>ad valorem</i> .
	Cotton yarn	The whole
	Rough lens blanks, unwrought optical glass in blocks, moulds and sheet and spectacle crown sheet glass	10% <i>ad valorem</i>
	Iron and steel scraps, ball clay and graphite electrodes	The whole

APPENDIX 16.

THE PUBLIC COMPANIES (LIMITATION OF DIVIDENDS) ORDINANCE, 1948

ORDINANCE No XXIX OF 1948

An Ordinance to limit the dividends which may be paid by public companies, promulgated by the Government on the 29th October 1948

Whereas an emergency has arisen which makes it necessary to limit the dividends which may be paid by public companies,

Now, therefore, in exercise of the powers conferred by section 42 of the Government of India Act, 1935 (26 Geo. 5, c. 2), the Governor-General is pleased to make and promulgate the following Ordinance:—

PRELIMINARY

1 *Short title, extent and commencement*—(1) This Ordinance may be called the Public Companies (Limitation of Dividends) Ordinance, 1948

(2) It extends to all the Provinces of India and also to every Acceding State to the extent to which the Dominion Legislature has power to make laws for that State as respects the matters dealt with in this Ordinance.

(3) It shall come into force at once

2. *Definitions*.—In this Ordinance, unless there is anything repugnant in the subject or context—

(a) “Companies Act” means the Indian Companies Act, 1913 (VII of 1913),

(b) “company” means a public company as defined in clause (13A) of section 2 of the Companies Act, and includes—

(i) the Imperial Bank of India constituted under the Imperial Bank of India Act, 1920 (XLVII of 1920);

(ii) any trading, banking, insurance or finance corporation constituted by or under any other law in force in India, provided that such corporation, if it had been registered as a company under the Companies Act would not have been a “private company” within the meaning of that Act; and

(iii) any other incorporated body which the Central Government may by general or special order declare to be a public company for the purposes of this Ordinance, but does not include a co-operative society registered or deemed to be registered under the Co-operative Societies Act, 1912 (II of 1912), or any other law relating to co-operative societies in force for the time being in any part of India.

(c) "financial year" means the year commencing on the 1st day of April.

LIMITATION OF DIVIDENDS

3 *Dividends not to exceed certain limits*—No company shall, after the commencement of this Ordinance, distribute as dividend during any financial year, any sum which exceeds, or which, when taken with any sum already distributed as dividend during the same year whether before or after the commencement of this Ordinance, will exceed—

- (a) six per cent of the paid-up capital of the company as on the last day of the period in respect of which the dividend is distributed, after deducting from such capital all amounts attributable to the capitalisation, on or after the first day of April, 1946, of one or more of the following, namely, reserves, profits and appreciation of assets, or
- (b) the average annual dividend of the company, determined in the manner specified in sections 5 to 7,

whichever is higher

4 *Limit of six per cent to be exclusive of income-tax paid by company*.—The limit of six per cent specified in clause (a) of section 3 shall be applied to the amount of dividend distributed by the company among its shareholders, payments made by the company by way of income-tax being ignored.

5. *Dividends and periods to be taken into account for determining average annual dividend*.—The average annual dividend referred to in clause (b) of section 3 shall be determined with reference to—

- (a) the total of the dividends distributed by such company (otherwise than by way of bonus shares) during the period of two years commencing on the 1st day of April, 1946, and ending with the 31st day of March, 1948, and
- (b) the total of the periods in respect of which each such dividend has been distributed, no period however being counted more than once :

Provided that where an interim dividend for any period has been distributed before the 1st day of April, 1946, and a final dividend has been distributed in respect of the same period on or after that date but on or before the 31st day of March, 1948, such interim dividend shall be added to the total of the dividends referred to in clause (a) :

Provided further that where an interim dividend for any period has been distributed on or after the 1st day of April 1946 and on or before the 31st day of March, 1948, and a final dividend has been or is distributed in respect of the same period after the latter date, then—

- (i) if the final dividend was distributed before the 5th day of October, 1948, it shall be added to the total of the dividends referred to in clause (a) ;
- (ii) if the final dividend was or is distributed on or after the 5th day of October, 1948, the interim dividend and the period in respect of which it was distributed shall not be taken into account for the purposes of this section ; but it shall be open to the company to claim that the interim dividend (but not the final dividend) shall be added to the total of the dividends referred to in clause (a), in which case the period in respect of which such interim dividend was distributed shall be taken into account for the purposes of clause (b).

6. *Date of distribution of dividend.*—For the purposes of this Ordinance, a dividend shall be deemed to have been distributed by a company on the date on which the shareholders or their legal representatives have a right to receive it from the company, whether or not it has been actually paid.

7. *Provision for increase or reduction in paid-up capital.*—(1) (a) Where, subsequent to the distribution by a company of any dividend which has to be taken into account for the purposes of clause (b) of section 3, its paid-up capital is increased by any amounts actually paid in cash, or

(b) where, before the distribution of any such dividend, the paid-up capital of a company is increased by any amounts actually paid in cash, but the amounts so paid are not entitled to the benefit of such dividend,

such dividend, and every prior dividend which has to be taken into account for the purposes aforesaid, shall be deemed to have been augmented—

(i) *pro rata*, if the increase took place before the commencement of this Ordinance ;
and •

(ii) by a sum equal to six per centum per annum of the amounts paid in cash as aforesaid, if the increase took place after the commencement of this Ordinance.

(2) (a) Where subsequent to the distribution by a company of any dividend which has to be taken into account for the purposes of clause (b) of section 3, its paid-up capital is reduced, or

(b) where, before the distribution of any such dividend, the paid-up capital of a company is reduced, but the whole of the capital as it stood before such reduction is entitled to the benefit of such dividend

such dividend, and every prior dividend which has to be taken into account for the purposes aforesaid, shall be deemed to have been diminished *pro rata* •

PREFERENCE SHARES.

8. *Special provision for preference shares.*—Nothing contained in this Ordinance shall be deemed to limit in any way the dividend payable on preference shares issued and subscribed for, before the commencement of this Ordinance.

9. *Prohibition of issue of preference shares at more than six per cent.*—No company shall, after the commencement of this Ordinance, issue preference shares carrying a right to a dividend at a rate exceeding six per centum per annum

MISCELLANEOUS.

10. *Power to make rules.*—(1) The Central Government may, by notification in the official *Gazette*, make rules to carry out the purposes of this Ordinance.

(2) In particular and without prejudice to the generality of the foregoing power, such rules may provide for—

(i) the adaptation of the provisions of this Ordinance with a view to their application to all or any of the bodies declared to be public companies under sub-clause (iii) of clause (b) of section 2 ;

(ii) the prevention of the evasion of the provisions of this Ordinance, and the removal of difficulties in giving effect thereto.

11. *Power to make exemptions, etc.*—The Central Government may, by notification in the official *Gazette*, exempt any company or class of companies from all or any of the provisions of this Ordinance, or make any modification in the application of the said provisions to any company or class of companies.

12. *Penalty.*—Any director, managing agent, manager or other officer or employee of a company who contravenes or attempts to contravene, or abets the contravention of or

attempt to contravene, any of the provisions relating to the distribution of dividends, or the issue of preference shares, contained in this Ordinance or in any rule, notification or order issued thereunder, shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both

APPENDIX 17.

INDIAN INCOME-TAX (AMENDMENT) ORDINANCE, 1948.

ORDINANCE NO XXXVIII OF 1948

An Ordinance further to amend the Indian Income-tax Act, 1922

Whereas an emergency has arisen which makes it necessary further to amend the Indian Income-tax Act, 1922 (XI of 1922), for the purposes hereinafter appearing,

Now, therefore, in exercise of the powers conferred by section 42 of the Government of India Act, 1935 (26 Geo 5, c 2), the Governor-General is pleased to make and promulgate the following Ordinance:—

1 Short title and commencement (1) This Ordinance may be called the Indian Income-tax (Amendment) Ordinance, 1948

(2) It shall come into force at once

2 Amendment of section 18A, Act XI of 1922—In section 18A of the Indian Income-tax Act, 1922 (hereinafter referred to as the said Act),—

(i) in sub-section (5), after the words, "from the date of payment," the following shall be inserted, namely:—

"to the date of the provisional assessment made under section 23B, or if no such assessment has been made",

(ii) in sub-section (6), in the first proviso, after the word "Provided" the word "also" shall be inserted, and before the proviso as so amended, the following proviso shall be inserted, namely:—

"Provided that where a provisional assessment is made under section 23B, interest shall be calculated in accordance with the foregoing provision up to the date on which the tax as provisionally assessed is paid, and thereafter interest shall be calculated at the rate aforesaid on the amount by which the tax as so assessed (in so far as it relates to income to which the provisions of section 18 do not apply) falls short of the said eighty per cent."

3. Insertion of new section 23B in Act XI of 1922.—After section 23A of the said Act, the following section shall be inserted, namely:—

"**23B. Power to make provisional assessment in advance of regular assessment.**—(1) The Income-tax Officer may, at any time after the receipt of a return made under section 22, proceed to make in a summary manner, a provisional assessment of the tax payable by the assessee, on the basis of his return and the accounts and documents, if any, accompanying it, after giving due effect to (i) the allowance referred to in paragraph (b) of the proviso to clause (vi) of sub-section (2) of section 10; and (ii), any loss carried forward under sub-section (2) of section 24.

(2) A partner of a firm may be provisionally assessed under sub-section (1) in respect of his share in the firm's income, profits and gains, if its return has been received, although the return of the partner himself may not have been received.

(3) A firm may be provisionally assessed under sub-section (1) as if it were an un-registered firm, unless the firm fulfils such conditions as the Central Government may, by notification in the official *Gazette*, specify in that behalf.

(4) There shall be no right of appeal against a provisional assessment made under sub-section (1).

(5) For the avoidance of doubt, it is hereby declared that the provisions of section 45 (except the first proviso) and section 46 apply in relation to any tax payable in pursuance of a provisional assessment made under sub-section (1) as if it were a regular assessment made under section 23

(6) Income-tax paid or deemed to have been paid under section 18 or section 18A in respect of any income provisionally assessed under sub-section (1), shall be deemed to have been paid towards the provisional assessment

(7) After a regular assessment has been made under section 23, any amount paid or deemed to have been paid towards a provisional assessment made under sub-section (1), shall be deemed to have been paid towards the regular assessment, and where the amount paid or deemed to have been paid towards the provisional assessment exceeds the amount payable under the regular assessment, the excess shall be refunded to the assessee

(8) Nothing done or suffered by reason or in consequence of any provisional assessment made under this section shall prejudice the determination on the merits, of any issue which may arise in the course of the regular assessment under section 23 "

4 *Form of notice of demand* -A notice of demand of any tax due in consequence of any provisional assessment made under section 23B of the said Act shall be in the form specified in the Schedule, with such modifications, if any, as the Central Board of Revenue, may, by notification in the official *Gazette*, from time to time, direct

THE SCHEDULE.

(See section 4)

To

Status

G I R No

Take notice that for the assessment year _____ the sum
of Rs _____ has been provisionally determined to be payable by you under
section 23B of the Indian Income-tax Act, 1922

2 You are required to pay the above sum on or before the
to the

Treasury Officer

Sub-Treasury Officer

Agent, Imperial Bank of India

Reserve Bank of India

at _____, when you will be granted a receipt. A chalan is enclosed
for the purpose

3. If you do not pay the sum on or before the date specified above, you will, without prejudice to any other consequences which you may incur, be liable under section 46 (1) of the Indian Income-tax Act, 1922, to a penalty which may be as great as the tax due from you

Income-tax Officer

Address

Dated

19

Place

APPENDIX 18.

REDUCTION IN THE EXPORT DUTY ON CLOTH.

Copy of letter No. 48-B, dated 4th May 1948, from the Association to the Secretary to the Government of India, Ministry of Commerce, New Delhi.

Towards the end of November 1947, in introducing a Supplementary Budget in the Constituent Assembly of India (Legislative), the Hon'ble the Finance Member announced the levy of an export duty on cloth and yarn amounting to 4 annas per square yard on cloth and 6 annas per lb. on yarn, these duties replacing the 3 per cent. duty previously levied on cotton cloth and yarn in 1944. The duties were changed subsequently, and in the Indian Finance Bill introduced in the Assembly on 28th February 1948, the basis of the duty on cloth was changed from the specific duty of 4 annas per square yard to 25 per cent. *ad valorem*, the duty on yarn being withdrawn. The principal justification for the export duty originally levied and altered to its present form in the last Budget, was the large difference between the price commanded by our cloth in foreign markets and the internal price, and it was only reasonable that a substantial portion of the difference should accrue to the revenues of the producing country. Conditions have, however, so altered in the last two months or so, that there is now very little justification for maintaining the duty as high as 25 per cent. The high prices of cotton and other causes like increase in wages, mill stores, etc., have raised internal prices of cloth considerably, and from reports received by the Association, it transpires that, with the *ad valorem* duty now in force, Indian-made cotton piecegoods will, by no means, be favourably placed in overseas markets *vis-a-vis* our overseas competitors, and consequently, our export markets, acquired after much study and honest effort after several years, might be lost. That the policy of Government is to encourage exports is clear from the recently increased quotas for export to sterling areas, and also from the proposed allotment of quotas to hard currency countries, and in the opinion of the Association it becomes, therefore, all the more necessary to bring to the notice of Government a factor which, if not dealt with properly, will lead to the frustration of that policy. In the circumstances, the Association feels that there is room for a substantial reduction in the rate of duty. It is submitted that the acceptance of the suggestion made by the Association will not lead to a shrinkage in Government's revenue, for with the increased prices, a much lower rate of *ad valorem* duty will yield the revenue which Government had expected to raise from this source.

Copy of circular No. 48-B, dated 17th November 1948, to all Members of the Association.

I reproduce below, for the information of members, a notification dated 10th November 1948, issued by the Government of India, Ministry of Finance (Revenue Division), New Delhi.

"No. 47.—In exercise of the powers conferred by section 23 of the Sea Customs Act, 1878 (VII of 1878), the Central Government is pleased to direct that the goods of the classes specified in the second column of the schedule hereto annexed shall, where exported from any Province of India, be exempt from so much of the Customs duty leviable thereon as is specified in the third column of the said schedule.

SCHEDULE.

Serial No.	Nature of article.	Extent of exemption.
1	Cloth of any description manufactured wholly from cotton or partly from cotton and partly from any other substance and containing not less than 10 per centum of cotton by weight, but excluding cloth of handloom manufacture	15 per cent. <i>ad valorem</i> .
2	Castor seed	The whole.
3	Castor oil	The whole."

APPENDIX 19.

EXCISE DUTY ON SUPERFINE CLOTH.

Copy of Memorandum issued by the Central Board of Revenue on 22nd December 1948 on Excise Duty on Cloth.

With the introduction of Central Excise duty on cloth, all mills producing cloth as defined in the schedule to the Central Excises and Salt Act, 1944, are liable to all obligations imposed on factories producing excisable goods under that Act and the Central Excise Rules, 1944. Mills should be advised to get copies of the "Central Excise Manual" containing the Act and the Rules for purposes of reference from the nearest agency for Government publications. In this memorandum the main features of the Central Excise system as applicable to cotton mills are explained.

2 *Licensing.*—Though duty is levied only on superfine cloth, all mills producing cloth are technically required to take out a licence "to manufacture". The Government of India have, however, relaxed this requirement for the present, and only mills which produce superfine cloth need take out a licence. For this purpose, an application in the prescribed form (A.L. 4) should be submitted to the Superintendent of Central Excise in whose jurisdiction the mill is situated and who will supply the form. The licence fee is Rs. 100 which has to be paid affixing a Central excise revenue stamp of the value of Rs. 100. The stamp is obtainable from any post office. As a licence is necessary before commencing manufacture, this should be applied for immediately. If the application has been made, manufacturing operations may be carried on pending receipt of the licence.

The licence should be prominently exhibited in a conspicuous part of the mill, preferably in the office.

The licence is required to be renewed in a similar manner, and on payment of the same fee, at the end of each calendar year, for the following year.

Note.—As this is the commencement of the excise tax on cotton cloth, mills may be asked to apply for the licence within a week and may be allowed to carry on manufacture.

3. *Obligations of the mills to maintain registers and to submit returns.*—In addition to the registers and returns that may be prescribed under the Textile Control Orders, every licensed mill is required to maintain an account of its production and stocks in Form R.C. 1 and E.B. 4 prescribed under the Central Excise Rules. If, however, the information required in these registers is already readily available in any of the registers maintained in the mills, the Collector may, at his discretion, waive this requirement.

The mills should also furnish to the Collector of Central Excise through the Central Excise Officer attached to the mill returns in forms R.T. 3, R.T. 4 and R.T. 5.

Forms of these registers and returns are printed in the Central Excise Manual and specimen forms should be supplied by the Superintendent of Central Excise to the mills asking for them.

4. *Storage.*—Under rule 47 of the Central Excise Rules, 1944, the manufacturer may store in a place approved by the Collector of Central Excise for the purpose in the premises of the mill, goods made in the mill, without payment of duty, provided he maintains an account of such storage in a proper entry book in Form E.B. 4. If such facilities are required by any mill, an application should be made to the Superintendent of Central Excise.

5. *Bond.*—Every mill is also required to execute a bond in the appropriate form with such securities as the Collector may require that a proper account would be rendered of

all superfine cloth produced in the mill. The security for this purpose has been provisionally fixed at Rs. 10,000. Mills should be advised to execute this bond by the 15th January. This bond is not required to be renewed annually.

6. *Clearance on payment of duty.*—(i) No excisable goods can be removed from a mill before the payment of duty, but the excise duty need be paid only at the time of removal of the goods from the mill.

(ii) An application in Form A.R. 1 should be made in triplicate before removal. The duty assessed by the Central Excise Officer should be paid in the Treasury, or to the account of the Collector in the Reserve Bank of India or the Imperial Bank of India, or in Bombay to the Chief Accounts Officer, Old Custom House. For their own convenience, mills may open an account current with the Collector. A sum calculated to cover the duty that might be payable on removals during a convenient period, say a month, may be deposited in advance to the account of the Collector. The actual duty due on individual clearances will be debited against this account and the clearance applications will be passed without delay.

(iii) At least 12 hours' notice of an intended clearance is required to be given to the Central Excise Officer at the mill. But with a view to avoid delay in loading for removal, it is suggested that the application should be presented to the officer sufficiently in advance, so that assessment, verification of particulars, and payment of duty can be completed in time.

(iv) Clearances are not permitted before 6 a.m. or after 6 p.m. on any day nor at any hour on Sundays and public holidays, except in accordance with such conditions, including the payment of fees, as may be prescribed by the Collector.

(v) Though, strictly, a clearance application is also necessary for cloth other than superfine, this requirement is, for the time being, waived.

7. *Powers of Central Excise Officers*—(i) Under the Central Excises Act and Rules, Central Excise Officers authorised for the purpose have certain rights of entry, search, seizure and investigation which are described in Chapter XI of the rules. The attention of the mills is also specifically drawn to Rules 43 to 57 which are applicable to all factories producing excisable goods, and to Rules 96(A) to 96(F) which are applicable to cotton mills in particular. Managements of the mills should be requested to instruct the staff to comply with these rules and to give the Central Excise staff their fullest co-operation in carrying out their duties.

(ii) Under the Textile Control Orders, the mills are enjoined to mark on their goods certain essential information regarding quality, yardage, prices and month of production, etc. These and other orders issued by the Textile Commissioner regarding markings would also have the force of the Central Excise Rules. In addition to the markings prescribed by the Textile Commissioner on all bales of cotton piecegoods, an additional requirement enforcing marking of yardage and prices is laid down under Central Excise Rule 96(F) with a view to facilitate the Excise Officer's verification of the declarations made on the clearance applications. But this does not preclude him from enforcing his legal right to open any package in order to satisfy himself that those markings are correct, and that they correspond with the actual quality, description and yardage of cloth, etc., packed therein.

(iii) The Central Excise Officer is also entitled to verify the genuineness of the markings by inspection of stamping inside the mill, and to remove samples, if necessary, for chemical or other tests.

(iv) The officers and peons posted at a mill are entitled to check all goods passing through the gates to see that excise duty, whenever due, has been paid, and the requirements of the Central Excises Act and Rules have been complied with.

8. *Accommodation for Central Excise staff.*—Under Rule 229 of the Central Excise Rules, 1944, every mill is enjoined to provide and maintain, to the satisfaction of the Collector, for the use of Central Excise Officers in attendance thereat, a proper furnished office and lavatory accommodation within the factory premises. This requirement should be complied with immediately so as to enable the Central Excise Officer to discharge his duties efficiently.

The Collector may also require the factory to provide, on payment of rent, suitable residential accommodation for the officers and staff posted to the factory. Details regarding these should be settled by the mills in discussion with the Collector or Assistant Collector.

Ordinance No. 1 of 1949 issued by the Government of India, Ministry of Law, on 1st January 1949.

An Ordinance further to amend the Central Excises and Salt Act, 1944

Whereas an emergency has arisen which makes it necessary further to amend the Central Excises and Salt Act, 1944 (I of 1944), for the purpose hereinafter appearing,

Now, therefore, in exercise of the powers conferred by section 42 of the Government of India Act, 1935 (26 Geo. 5, c. 2), the Governor-General is pleased to make and promulgate the following Ordinance :—

1. *Short title and commencement*—This Ordinance may be called the Central Excises and Salt (Amendment) Ordinance, 1949

(2) It shall come into force at once.

2. *Amendment of the First Schedule, Act I of 1944*—In the First Schedule to the Central Excises and Salt Act, 1944 (I of 1944), after item 11 the following shall be inserted as item 12, namely :—

“ 12. CLOTH—

“ Cloth ” means any type of cloth manufactured either wholly from cotton or partly from cotton and partly from any other material, but does not include—

- (i) ready-made cloth other than dhoties and sarees ;
- (ii) hosiery ;
- (iii) leather cloth and inferior or imitation leather cloth ordinarily used in book-binding ;
- (iv) tracing paper ;
- (v) cloth manufactured partly from cotton and partly from wool and containing 40 per cent or more of wool by weight ;
- (vi) rubberised or synthetic waterproof fabrics whether single-textured or double-textured ;
- (vii) hand-loom cloth.

(1) Superfine cloth—

that is to say, cloth in which the count of warp yarn (whether single or folded) is 48s or finer 25 per cent *ad valorem*.

(2) Fine cloth—

that is to say, cloth in which the count of warp yarn (whether single or folded) is 35s or finer but does not exceed 47s Nil

(3) Medium cloth—

that is to say, cloth in which the count of warp yarn (whether single or folded) is 17s or finer but does not exceed 34s Nil.

(4) Coarse cloth—

that is to say, all other cloth in which the count of warp yarn (whether single or folded) does not exceed 16s Nil.”

Notification No 33/115-CX(Tex.)/48, dated 31st December 1948, issued by the Ministry of Finance (Revenue Division), New Delhi.

In exercise of the powers conferred by section 37 of the Central Excises and Salt Act, 1944 (I of 1944), the Central Government is pleased to make the following amendments to the Central Excise Rules, 1944, namely —

In Chapter V of the said Rules, after rule 96; the following heading and rules shall be inserted, namely —

" E.I.—CLOTH

96A Definitions—In this section

(i) " piece of cloth " means any running length of cloth and includes dhoties, towels, sarees, chaddars and such other items ordinarily sold by the pair, whether they are produced in pairs or in singles

(ii) " ex-factory price " shall mean the maximum ex-factory price, exclusive of the excise duty, which is specified in respect of any class or specification of cloth by the Textile Commissioner under the Indian Textiles (Control) Order 1948, or the contract price thereof, whichever is less "

96B Ex-factory price to be specified—No manufacturer shall sell or deliver cloth of which the ex-factory price has not been specified by the Textile Commissioner

96C Markings on cloth—(1) There shall be marked on each piece of cloth at a distance not exceeding one yard from any end—

(i) the word " medium " where the count of warp yarn (whether single or folded) in the cloth (excluding the border) is 17s or finer; the word " fine " where the count of warp yarn (whether single or folded) in the cloth is 35s or finer; and the word " superfine " where the count of warp yarn (whether single or folded) in the cloth is 48s or finer;

(ii) the length of the piece in standard yards, and

(iii) the ex-factory price of such piece

2 The markings prescribed by sub-rule (1) may be made in the following cases as follows, namely :—

(i) in the case of mesh cloth, the markings may be made on a small label of cloth stitched to the mesh cloth;

(ii) in the case of raised blankets the markings may be made on a small label of cloth securely stuck on the blanket;

(iii) in the case of lint, the marking may be made on a piece of paper securely stuck on the lint

96D. Additional markings.—For the purpose of these rules, the markings to be made by a manufacturer or dealer on any class or specification of cloth manufactured or sold by him, and the time and manner of making such markings, specified by the Textile Commissioner under the provisions of the Indian Cotton Textiles (Control) Order, 1948, shall be deemed to be additional requirements as respects markings to be complied with by a manufacturer or dealer

96E Quantity which may be packed in each bale.—No manufacturer of cloth shall pack cloth except in bales containing not less than 1,450 yards and not more than 1,550 yards

96F Markings on bales.—There shall be marked on every bale or other package of cloth—

(a) the markings specified in clauses (i) and (iii) of sub-rule (1) of rule 96C;

(b) the total number of yards of cloth packed therein,

(c) in the case of dhoties, sarees, towels or chaddars or other items ordinarily sold by the pair, the number of such pairs ;

(d) in the case of rags, fents, seconds and other damaged and sub-standard cloth, if sold by the weight, the net weight of the bale or other package and ex-factory price per lb

96G. *Exemption* —Nothing in rule 96C shall apply to rags, fents, seconds and other damaged and sub-standard cloth.

APPENDIX 20.

COTTON TEXTILE CONTROL.

TEXTILE ADVISORY COMMITTEE.

Copy of letter No 87-Tex.I/48, dated 5th March 1948, from the Government of India, Ministry of Industry and Supply, to the Association

Subject:—TEXTILE ADVISORY COMMITTEE

With reference to your telegram No. 284 dated the 24th February 1948* on the above subject, I am directed to say that the intention of the Government of India is to have two Committees, one will be a Committee of selected experts in their personal capacity who will advise the Honourable Minister, Industry and Supply, on textile policy and the other will be a Committee consisting of representatives of regional associations of millowners which will advise Government through the Textile Commissioner on administration of the textile control and advise him in his day-to-day duties and other matters at present dealt with by the Industry's Committee of the Textile Control Board.

APPENDIX 21.

COTTON TEXTILES CESS BILL, 1948

LEVY OF A CESS ON CLOTH AND YARN

Act No. VII of 1948.

An Act to impose a cess on certain cotton textiles manufactured in the Provinces of India

Whereas it is expedient to impose a cess on certain cotton textiles manufactured in the Province of India ;

It is hereby enacted as follows :—

1. *Short title, extent and commencement* —(1) This Act may be called the Cotton Textiles Cess Act, 1948.

(2) It extends to all the Provinces of India.

(3) It shall be deemed to have come into force on the 31st day of December 1947

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

- (a) "cloth" and "yarn" mean respectively the cloth and yarn of which prices fixed by any order made under section 3 or continued by section 17 of the Essential Supplies (Temporary Powers) Act, 1946, were in force immediately before the commencement of this Act;
- (b) "producer" means a person engaged in the production of cloth or yarn or both by power as defined in clause (f) of section 2 of the Factories Act, 1934 (XXV of 1934)

3. *Levy of cess*—The Central Government may, by notification in the official *Gazette*, levy on any cloth or yarn held in stock by a producer or a wholesale dealer on such date as the Central Government may fix in this behalf a cess at such rate as may be specified in the notification

4. *Effect on contracts*—Where before the date mentioned in section 3 a producer or wholesale dealer has made a contract of sale in respect of any cloth or yarn on which a cess is levied under that section, it shall be lawful for him to charge the amount of the cess to the buyer in addition to the contract price

5. *Payment of cess.*—The cess shall be paid by the producer or the wholesale dealer as the case may be to such authority within such time and in such manner as may be specified in the notification

6. *Penalty for non-payment.*—If any cess payable under this Act is not paid as prescribed, it shall be deemed to be in arrears and the authority appointed in this behalf by the Central Government may, after such enquiry as he deems fit, impose on the producer or the dealer a penalty not exceeding the amount of cess in arrears

7. *Recovery of cess and penalty*—The amount of cess in arrears and any sum imposed as penalty under section 6 shall, without prejudice to any other liability incurred under this Act be recovered as arrears of land revenue

8. *Power of inspection, entry and search*—Any authority authorised by the Central Government in this behalf may, with a view to securing compliance with this Act,—

- (a) require any producer or dealer to furnish to such authority such information relating to his business as that authority may specify
- (b) inspect or cause to be inspected any books or other documents belonging to or under the control of such producer or dealer
- (c) enter and search or authorise any person to enter and search any premises and seize or authorise any person to seize any cloth or yarn in respect of which he has reason to believe that a contravention of this Act has been or is about to be committed.

9. *Penalty for evasion of cess or failure to comply with order under section 8.*—(1) Whoever evades or attempts to evade the payment of cess payable by him under this Act or fails to comply with any order issued to him under clause (a) of section 8 or furnishes any information which is false and which he knows or has reasonable cause to believe to be false or does not believe to be true, shall be punishable with imprisonment which may extend to six months or with fine which may extend to two thousand rupees or with both.

(2) Any court trying any offence under this Act may order that any cloth or yarn together with the packages or coverings thereof in respect of which the court is satisfied that an offence under this Act has been committed shall be forfeited to the Central Government.

APPENDIX 22.

TARIFF BOARD'S ENQUIRY INTO THE LEVEL OF PRICES OF CLOTH AND YARN MANUFACTURED IN INDIA.

Resolution No. 28-T(46)/47, dated 6th March 1948, issued by the Ministry of Commerce, Government of India, New Delhi.

In partial modification of the Ministry of Industry and Supply Resolution No. 88 (2)-Tex. 1/47, dated the 17th November 1947, the Government of India have decided that the following shall be substituted for the terms of reference to the Tariff Board enumerated in paragraph 5 thereof :

- (i) To inquire into the cost of production of the various types of cloth and yarn produced and to estimate fair ex-mill prices of cloth and yarn ; and
- (ii) To devise a suitable method for necessary adjustments from time to time in the fair ex-mill prices of cloth and yarn so as to allow for major fluctuations in the prices of raw cotton and other elements of cost of production.

Copy of letter No. TB/P-1(1), dated 10th March 1948, from the Indian Tariff Board, to the Association.

Subject : COTTON CLOTH AND YARN PRICES

Attention is invited to the Press *communiqué* dated 24th January 1948* on the above subject. A fresh questionnaire in place of the questionnaire previously issued is enclosed

Please confine your answers to matters with which you are directly acquainted and on which you are in a position to supply the Board with detailed evidence.

The Board would be grateful if you could kindly send your replies (12 copies) so as to reach the undersigned not later than 31st March 1948.

Answers by the Association to the Questionnaire issued by the Tariff Board re. Inquiry into Cotton Yarn and Cloth Prices.

Question 1.—The industry has recently fixed ex-mill prices of various types of yarn and cloth. Do you consider these prices fair and reasonable, taking into account current prices of cotton and present levels of wages in different centres of the industry ? If not, please give your reasons.

Answer.—The prices are neither fair nor reasonable, and are totally unremunerative. The ex-mill prices of cloth and yarn were last fixed by the Industry's Committee in June 1946. Since then, for more than 18 months, there was no upward revision of prices, even though the price of cotton and of the various elements entering into the cost of production rose considerably. In Bombay, additional wage burdens were imposed on the industry to the extent of Rs. 2.57 crores per annum by means of basic wages, about Rs. 92 lakhs as dearness allowance, and about Rs. 1.82 crores in the shape of bonus. It is true that, with effect from 19th of January 1948, a slight upward revision in prices has taken place, but this is totally inadequate to meet the needs of the case, as will be seen from the further increases

in prices which have taken place since January 1948. The following table brings out at once the rise in prices which has taken place between June 1946, January 1948 and March 1948 :—

Item	Unit Per	June 1946		January 1948		March 1948	
		Rs.	a.	Rs.	a.	Rs.	a.
Cotton							
Egyptian Common type 163	Candy	1,005	0	1,449	0	2,374	0
East African B.P. 52 (*Note 1)	"	850	0	920	0	*1,300	0
Indian :							
(a) Berar Janilla	"	505	0	560	0	669	0
(b) Broach	"	610	0	577	0	747	0
(c) Surti	"	625	0	751	0	881	0
(d) Hubli Jaiwant	"	616	0	575	0	755	0
(e) N.T.	"	600	0	760	0	883	0
(f) Punjab American 289F (†Note 2)	"	652	0	855	0	†1,000	0
(g) Punjab American 4F (‡Note 3)	"	525	0	540	0	‡740	0
(h) Berar Deslu	"	117	0	525	0	595	0
(i) Mughlai	"	357	0	485	0	572	0
(j) Bengal	"	315	0	460	0	455	0
(k) Janilla	"	162	0	520	0	602	0
Furnace Oil : Mill delivery	Ton of 2240 lbs.	53	11	97	7	97	12
Steam Coal Delivery ex-depot	Ton	34	8	34	8	39	0
Stores :							
1 Shuttles	Dozen	50	0	125	0		
2 Imported tallow	Cwt	65	5	108	7	126	0
3 Bobbins							
(a) Rovmp	Gross	\$ 75	0	120	0		
(b) Doubling	"	\$80	0	140	0		
4 Roller skins	Dozen	30	0	165	0		
5 Pickers	Gross	170	0	200	0		
6 Pickers bands	Lb	4	8	6	6		
7 Machinery :							
(a) Belting	Foot	"	0	3	1		
(b) Buffers	Dozen	10	4	16	8		
8 Sodium sulphate	Cwt	19	2	37	14	37	14
9 Silicate of soda	"	13	4	30	0	30	0
10 Acetate of soda	"	16	2	115	0	115	0
Wages and Dearness Allowance							
1 Average basic wage		32	8	42	4	42	4
2 Dearness allowance		34	2	46	6	44	0

* Note 1. Only a small quantity was available at Rs. 1,300. Certain mills have purchased this quantity at Rs. 1,575.

† Note 2. This cotton is not now available at Rs. 1,000.

‡ Note 3. This cotton is quoted at about Rs. 840 to-day.

§ January 1948 prices.

Question 2.—Do you consider that the prices fixed by the industry will enable the mills, whether purely spinning or composite, to reach the production targets fixed by their respective Panel members? If not, please give your reasons.

Answer.—It is true that the industry has given a definite undertaking to Government that it will do everything possible to secure the target production indicated by them in each case. There are, however, certain difficulties in securing the target, and the following, among others, may be quoted :—

(a) Unsatisfactory price levels, as a result of which, for the first time since 1940-41, about half a dozen mills in Bombay made losses in the year 1947-48. (b) Strikes and *hartals* which continue to take place in the industry in Bombay and elsewhere. (c) Prospects of reduced supplies of long-staple cotton from Pakistan and other countries, in consequence of which the mills ordinarily utilising these cottons, will have to go coarser, and falling short in their preparatory and processing departments, thus stopping a large number of spindles and looms.

Question 3.—Once fair ex-mill prices are fixed, what factors (such as cotton, wages, etc.) should be taken into account for automatic revision of such prices from time to time? Please indicate the schedule of differentials which would be applied in calculating the extent of price adjustment necessitated by fluctuations in each of these factors. Also, please indicate a reasonable interval of time for which prices should remain unaltered.

Answer.—The main factors which should ordinarily be taken into account in fixing fair ex-mill prices are cotton, wages, stores and other manufacturing charges, establishment

and fuel. It is not possible to give a definite basis, but it is thought that the basis adopted by Government for fixing the increases in the case of cloth and yarn supplied against their requirements may be taken with minor modifications.

The prices so fixed should ordinarily be subject to review at the end of three months unless abnormal increases have taken place in any of the items entering into the costing

We presume that the fair ex-mill prices will provide for (a) a reasonable amount of depreciation to the industry; (b) a fair return on capital employed, and (c) an adequate provision to enable the industry to build up an adequate reserve which would enable it to finance completely the rehabilitation and remodelling expenditure which will have to be incurred

In connection with depreciation, it should be remembered that rehabilitation and modernisation will have to take place at the high prices at which machinery would be supplied to India. To enable the manufacturer to replace these machines at the end of their useful period, it is absolutely necessary that an amount of depreciation linked up with the high prices paid for these machines would have to be provided for. Prices of machinery to day are approximately four times the immediate pre-war, and about ten times the 1932 machinery price levels

Referring to the return on capital, it is submitted that the percentage return should be fixed at a figure which would be reasonably sufficient to attract private capital. It is not fair to link up this return with the yield on Government paper for the reason that, while Government paper will fetch for all time the interest guaranteed, investors in cotton mills might have to go without a dividend, and might even have to face capital depreciation if sufficient profits were not made. In this connection, it will be remembered that in the long period of depression which followed 1923, mills lost heavily. Only a few mills managed to pay a small rate of dividend, while the majority found it impossible to declare a dividend. Several mills were forced into liquidation or were scrapped, and schemes of financial reconstruction were put through in order to save others, all these resulting in enormous losses to the managing agents and the shareholders of the mill companies. It should also be remembered that in these years several mills found it absolutely impossible to make any provision for depreciation

Question 4—(a) Please describe in detail the basis adopted by the mills in your area for arriving at their cost of raw cotton

(b) Do you consider that basis economical for the mills. If so, please give reasons. If not, please suggest a better basis

Please state facts and figures

Answer.—There is no uniform basis. Mills take into consideration the prices actually paid by them and also bear in mind the replacement costs. It might, however, be pointed out that the procedure hitherto followed by Government in fixing prices has been to take the ruling prices of cotton in the fortnight preceding the fixation of prices. It may be that mills have a certain amount of stock with them on that date, but this works both ways. We do not think that any better basis can be suggested for price fixation

Question 5.—On what basis should the office allowance of managing agents be fixed? What further remuneration to managing agents should be allowed for services rendered by them in respect of factory production?

Answer.—The payment of office allowance to managing agents is governed by a contract between the managing agents themselves and the mill company managed by them. This payment is recognised in the Indian Companies Act, and the quantum of remuneration depends on the size of the mill. The remuneration paid to managing agents is generally based on 10 per cent. of the profits. The managing agent is not entitled to any allowance other than managing agency commission, which is linked to profits. Where, however, there are no profits, or in cases where profits are low, the managing agent is entitled to a small

fixed minimum commission. Section 87C of the Indian Companies Act lays down the basis of remuneration to the managing agents, and any stipulation for remuneration additional to or in any other form is not binding on the company unless sanctioned by a special resolution of the company.

Question 6 —(a) By what method do the mills in your area provide for depreciation ? Do they provide it by creating a depreciation reserve fund or by writing down the assets year by year ?

Answer.—Some mills provide for depreciation by a direct debit to the profit and loss account. In the balance sheets of these mills the block value is reduced every year to the extent depreciation is debited in the profit and loss account. Certain mills provide for depreciation in the profit and loss appropriation account by creating a depreciation reserve or machinery and building replacement fund. In such cases the amount standing to the credit of the fund is shown on the liability side of the balance sheet, the original cost of buildings and machinery appearing on the assets side of the balance sheet.

Question 6.—(b) At what rate is the depreciation provided for by the mills in your area ? Is it provided at the rate allowed by the income-tax rates or at a rate higher or lower than that ? If it is different from the income-tax rate, please specify the rate or rates at which depreciation is provided for. Please give reasons.

Answer.—The provision for depreciation entirely depends on sufficiency of profits. Where profits are not sufficient, depreciation debited to profit and loss account or transferred to depreciation fund is only a nominal amount, even less than the percentages admissible under the Income-tax Rules, but where adequate profits are made, the provision often exceeds the amount allowed in the Income-tax Rules. For example, in the long period of depression which commenced in 1923 and continued till about the beginning of the second World War, it was not possible for the Bombay cotton textile industry to provide adequate depreciation, and even to-day there still remains a considerable value of block to be written off. It is, however, difficult to specify the rate or rates at which depreciation is usually provided for. It is true that, for income-tax purposes, depreciation is limited to the statutory depreciation allowed under the Income-tax Rules, but the amount to be debited or the amount to be set aside for reserve against depreciation of machinery is decided by the Board of Directors of the respective mill companies who naturally take into account the condition of the assets and the amount which they might be called upon to spend in the near future in replacements, modernisation, etc., and also the level of profits made.

Question 7.—(a) On what basis should the working capital of a mill be calculated ? Should it be equal to 3 months' or 4 months' or 6 months' cost of production ? Please give reasons. *(b)* In view of the present condition of the money market, what minimum rate of interest should be allowed on working capital ? Please give reasons. *(c)* If working capital is borrowed partly or wholly, at what rate of interest is it now borrowed by the mills in your area ?

Answer.—*(a)* Working capital, i.e., the minimum amount required to keep the industry going over and above the capital sunk in fixed assets, should be an amount equivalent to half the total expenses shown on the expenditure side of the profit and loss account, or 6 months' cost of production. This basis has been accepted by previous Tariff Boards. It should be pointed out in this connection that up-country mills which have to make their purchases of cotton during the season, will require a higher amount of working capital.

(b) and *(c)* The money market is now very tight, and the banks are charging $3\frac{1}{2}$ to 4 per cent. on loans. This is the minimum rate of interest charged in the case of very good mills, and even here, money is advanced on the joint pro-note of the managing agent.

Question 8.—(a) What minimum rate of profit on fixed capital should be allowed as part of fair ex-mill price ? *(b)* Should this rate be reduced to profit per spindle shift and profit per loom shift ? *(c)* If so, on what basis ? Please give reasons.

Answer.—It is very difficult to suggest a basis which would be equitable to all the units. A profit per loom or profit per spindle basis may not be equitable to looms and spindles

purchased at pre-war prices and looms and spindles purchased recently or those which will be installed in the very near future.

If, however, the Tariff Board are thinking of a minimum profit linked up with the capital employed or fixed capital expenditure, then it is suggested that a return of 8 per cent. on capital employed would be fair and reasonable.

Question 9.—If there are any other *special factors* which have a bearing on the determination of fair ex-mill prices of yarn and cloth, please indicate them and explain their incidence on the fair ex-mill prices

Answer.—A factor which has a bearing on the fixation of prices is Government's policy of taxation and their plans in regard to social legislation. The industry will shortly be called upon to undertake a sickness insurance scheme. It may also be called upon to finance heavily a housing scheme sponsored by the local Government. We expect a scheme of provident fund for employees, gratuities and old-age pensions, and no pricing scheme which does not make adequate provision for all these factors would be fair to the industry.

Question 10.—Apart from price adjustments and capital-labour relationship, are there any other important factors which have been responsible for the decline in production in 1946 and 1947 ? Please indicate measures by which production can be increased.

Answer.—We are not sure as to what particular factors are covered by this question. In our view, the decline in production in 1946 and 1947 is due to the following reasons :—

(a) Reduction in hours of work from 9 to 8 per day from August 1946 (b) Government's repeated failure to fix fair prices for cloth and yarn (c) Shortage of machinery parts and stores, e.g., card clothing, shuttles, bobbins, sizing materials, etc. (d) Deterioration in machinery and difficulty of replacement. (e) Absenteeism. (f) Unsettled labour conditions, and communal tension. (g) Frequent strikes and *hartals*, etc.

Question 11.—What measures should be adopted by the industry and/or by Government to keep the prices of yarn and cloth at reasonable levels ?

Answer.—It is very difficult to give a categorical answer to this question. It will be wrong to consider the price levels of the cotton textile industry as something quite apart from the general level of prices of all commodities in the country, level of cost of living and the national economy. If the price of cloth has to be maintained at reasonable levels, then it is the duty of Government to maintain wages, cotton prices, prices of mill stores, etc., at reasonable levels, for, after all, the price of the cloth is the sum total of all these items. In other words, the drive towards securing reasonable price levels should start on a national level and not on an industry level, as any attempt to divorce one commodity or industry from the national economy is not likely to be successful or yield satisfactory results.

Copy of letter No. TB/P.1(1), dated 20th April 1948, from the Indian Tariff Board, to the Association.

In continuation of the Board's letter No. TB/P.1(1), dated 10th April, 1948* I am to request you kindly to communicate to me as early as possible the name(s) of your representative(s) whom you propose to depute for placing the views of your Association before the Tariff Board at 11 a.m. on 4th May, 1948.

Copy of letter No. 404, dated 24th April 1948, from the Association to the Secretary, Indian Tariff Board, Bombay.

I am directed to refer to your letter No. TB/P.1(1) dated the 20th April 1948, and to state that my Committee have nominated the following gentlemen to represent the

Association at the inquiry into cotton cloth and yarn prices, to be held before the Tariff Board at 11 a.m. on 4th May, 1948

Sri Vithal Chandavarkar, Kt

Neville N. Wadia, Esq

Krishnaraj M. D. Thackersey, Esq

J. C. Lancashire, Esq

H. G. H. Everitt, Esq

T. V. Baddeley, Esq., C.B.E

N. S. V. Aiyer, Esq. (*Secretary*).

APPENDIX 23.

REPEAL AND RE-ENACTMENT OF COTTON TEXTILES CONTROL ORDER

THE COTTON TEXTILES (CONTROL) ORDER, 1948, INCORPORATING AMENDMENTS NOTIFIED UNDER NOTIFICATION NO. 9(4)/TEX.1/49, DATED 26TH FEBRUARY 1949.

Notification No. 80-Tex.1/48, dated 2nd August 1948 issued by the Ministry of Industry and Supply, Government of India.

In exercise of the powers conferred by section 3 of the Essential Supplies (Temporary Powers) Act, 1946 (XXIV of 1946), the Central Government is pleased to make the following Order, namely —

1. (i) This Order may be called the Cotton Textiles (Control) Order, 1948
- (ii) It extends to all the Provinces of India
- (iii) It shall come into force at once

2. The Cotton Textiles (Control) Order, 1948 (notification No. 80-Tex. 1/1948 dated 19th February 1948) is hereby repealed : provided that any order made, notification issued, right accrued, penalty incurred, or anything done under the said Order shall be deemed to have been made, issued, accrued, incurred, or done under the corresponding provisions of this Order.

3. In this Order, unless there is anything repugnant in the subject or context—

(a) " Cloth " and " yarn " mean respectively any type of cloth or yarn manufactured either wholly from cotton or partly from cotton and partly from any other material but " cloth " does not include—

- (i) ready-made clothing other than dhoties and sarees ;
- (ii) hosiery ;
- (iii) leather cloth, inferior or imitation leather cloth ordinarily used in book-binding and book-binding cloth ;
- (iv) tracing paper ;
- (v) cloth manufactured partly from cotton and partly from wool and containing 40 per cent. or more of wool by weight ;
- (vi) rubberised or synthetic waterproof fabrics whether single-textured or double-textured ;

(b) "Controller" means the principal officer appointed by a Provincial Government for the administration of the Textile Control and includes any other officer appointed by such Government to perform the functions of the Controller under this Order or under the rules, orders and notifications issued thereunder ;

(c) "dealer" means a person carrying on the business of selling cloth or yarn or both, whether wholesale or retail, and whether or not in conjunction with any other business and shall include master weavers of handloom cloth ;

(d) "manufacturer" includes a producer or processor, and the expression 'manufacture' and its grammatical variants shall be construed accordingly ;

(e) the expression "offer to sell" shall be deemed to include a reference to an intimation by a person of the price proposed by him for the sale of an article, made by the publication of a price list, by exposing the article for sale in association with or bearing a mark indicating price, by the furnishing of a quotation or otherwise howsoever ;

(f) an article shall be deemed to be in the possession of a person when it is held on behalf of that person by another person or when held by that person on behalf of another person ;

(g) "processor" means a person engaged exclusively in any process ancillary to the production of cloth or yarn such as dyeing, bleaching, embroidering, printing and finishing ; and the expression 'process' and its grammatical variants shall be construed accordingly ;

(h) "producer" means a person engaged in the production of cloth or yarn or both by power as defined in section 2 (f) of the Factories Act, 1934 and the expression 'produce' and its grammatical variants shall be construed accordingly ;

(i) 'schedule article' means an article specified in schedule A, and includes any other article declared by the Central Government to be scheduled article for the purposes of this Order ;

(j) "starch" means starch made from wheat, rice, maize, *jowar* or any other food-grain or from tapioca or potatoes and includes derivatives of starch and any modified form of starch so made ;

(k) "Textile Commissioner" means the Textile Commissioner appointed by the Central Government and includes such Additional or Joint Textile Commissioners as may be appointed by the Central Government.

RAW MATERIALS AND STORES

4 No person shall manufacture starch other than starch made from tapioca except under and in accordance with terms of a licence granted by the Textile Commissioner.

5 (1) Every importer of a scheduled article shall within 15 days of the date of the arrival of the consignment containing such article furnish to the Textile Commissioner the following information in respect of the consignment—

- (a) description and quantity of each of the articles included in the consignment ;
- (b) the landed cost of each item together with invoices and all other documents evidencing the price, buying commission, insurance premium, freight, customs duty, landing and clearing charges paid up to the deposit of the consignment in the consignee's warehouse or other place of storage.

(2) No importer shall sell or otherwise dispose of any such scheduled article imported by him except in accordance with the instructions given to him by the Textile Commissioner, provided that if the importer does not receive any such instructions from the Textile Commissioner within 30 days of the receipt by the Textile Commissioner of the information submitted under sub-clause (1), the importer may subject to the provisions of clauses 6, 8 and 32, dispose of the consignment.

6. No person shall sell or dispose of any scheduled article except under and in accordance with—

- (a) a seller's licence granted to him by the Textile Commissioner ;
- (b) a direction given to him by the Textile Commissioner under clause 8.

7 No person shall purchase or otherwise acquire any scheduled article except under and in accordance with a buyer's licence granted by the Textile Commissioner.

8. The Textile Commissioner may by order in writing require any importer of or dealer in any scheduled article to sell to such person as may be specified in the Order such quantities of the scheduled article and (in the case of a scheduled article of which the maximum prices have not been fixed under clause 9) at such price, as may be specified in the Order.

9 (1) The Textile Commissioner may by notification in the *Gazette of India* fix the maximum prices or rate at which any scheduled article may be sold ;

(2) No person shall sell or offer to sell a scheduled article at a price exceeding the maximum price specified under sub-clause (1).

10 (1) The Textile Commissioner may direct any person carrying on the business of producing or selling any scheduled article to mark such articles exposed or intended for sale with the sale price thereof, or to exhibit in his premises a price list of articles held by him for sale, and may further give directions as to the manner in which such directions shall be carried out

(2) The Textile Commissioner may by order published in the *Gazette of India* issue a direction of the nature specified in sub-clause (1) generally to all persons carrying on the business of producing or selling any scheduled article or to any person or any class of such persons

11 (1) Applications for licences under this Order shall be made in such form as the Textile Commissioner may prescribe ,

(2) The Textile Commissioner may, without assigning any reason, refuse to grant a licence to any person and his decision shall be final ;

(3) The Textile Commissioner may specify in the licence the conditions, if any, under which it is issued and the licensee shall comply with such conditions ;

(4) The fees for the grant of a licence shall be such as the Textile Commissioner may by notification in the official *Gazette* prescribe ;

(5) Subject to the provisions of sub-clause (6) the licence shall be valid for the period specified therein and may be renewed ;

(6) If the holder of a licence has supplied incorrect information in his application or in any return submitted by him or if he contravenes any condition of the licence, or if at any time the Textile Commissioner is satisfied that for any other reason the licensee is not a fit person to hold the licence, the Textile Commissioner may in his discretion and without prejudice to any other action which may be taken against the licensee, cancel or suspend his licence, and the order of the Textile Commissioner shall be final.

CLOTH AND YARN.

12. (1) No producer who has no spinning plant shall work or cause or permit to be worked—

(a) looms in excess of the number of looms working in the undertaking on the 30th September 1944 ;

(b) any loom for a period which in any one month exceeds the average number of hours of work per loom per month in the undertaking during the year ending 30th September 1944.

(2) No producer who has a spinning plant shall in any quarter—

(a) purchase a quantity of yarn exceeding $\frac{1}{4}$ of the quantity of yarn purchased by him in the year 1944 ;

(b) sell a quantity of yarn less than $\frac{1}{4}$ of the quantity of yarn sold by him in the year 1944.

(3) No producer who has no weaving plant shall install or cause or permit to be installed any loom in his undertaking.

(4) No person shall acquire or install any loom to be worked by power as defined in section 2(f) of the Factories Act, 1934.

(5) Any person having in his possession any loom which he is not entitled to work or cause or permit to be worked in accordance with this clause shall forthwith report the fact to the Controller and shall take such action as to its sealing or storage as the Controller may direct.

13. No person shall manufacture or cause to be manufactured any cloth containing any sizing or filling material or both of any description exceeding in the aggregate—

(i) in the case of cloth wherein the count of warp yarn employed is 14s or coarser, 15 per cent. of the weight of the cotton in the cloth ;

(ii) in other cases, 10 per cent. of the weight of the cotton in the cloth.

14. No person shall use wheat flour or glucose for the purpose of sizing or filling cloth.

15. No person shall sell or otherwise dispose of or purchase or otherwise acquire for the purpose of sale any cloth which has been manufactured in contravention of clause 13 or clause 14

16. (1) For the purpose of clauses 13 to 15 the proportion of sizing or filling material or both relative to the weight of the cotton in any finished cloth shall be determined by such test carried out by such person in any such manner as the Textile Commissioner may, by notification, prescribe

(2) A certificate signed by an officer authorised to carry out tests in pursuance of sub-clause (1) stating the result of the test shall be conclusive proof that the test has been duly carried out in the manner prescribed and that the result thereof is as is stated in the certificate.

17 (1) No producer shall produce yarn of counts more than 10 in number or more than the number specified in column (3) of Schedule B for a plant of the size of his spinning plant, whichever is less.

Provided that—

(a) the same count of warp and weft yarn produced from the same mixing shall be deemed to be one count ;

(b) where any part of the spinning plant is employed exclusively for the performance of any contract with the Government such part shall, if the producer so elects, be deemed not to form a part of the plant and nothing in this clause shall apply in relation to the production of any yarn in pursuance of such contract, and the producer shall be deemed to have employed a part of the plant exclusively for the performance of any such contract where it is employed for the production of yarn for being supplied to any person under contract with the Government to utilise such yarn for the production of any article for sale to the Government and the producer has submitted to the Textile Commissioner a report in writing stating the quantity, counts, period of delivery and the consignee of such yarn and the number of spindles employed and the period requisite for the production of such yarn.

(2) No producer shall produce yarn finer than yarn of single 80 counts.

(3) Nothing in this clause shall apply to the production by a producer on a waste spinning plant of waste yarn of 6s or coarser.

18: (1) No producer shall produce cloth of more than two varieties for every 50 looms or part thereof in his possession of more than 20 varieties in all, whichever is less in number.

Explanation.—For the purposes of this sub-clause, cloth shall be deemed to be of the same variety if it is woven in the same counts of yarn in warp and weft and in the same reed and pick notwithstanding that it is woven in different widths, lengths, patterns or colours.

(2) Nothing in this clause shall apply—

- (i) to cloth produced in pursuance of a contract with the Government; and the looms employed in the production of such cloth shall be excluded in determining the number of varieties which may be produced under sub-clause (1);
- (ii) to cloth produced for experimental purposes provided the looms employed for such production shall not exceed one per cent of the total number of looms in the producer's possession

19 No producer shall produce any cloth with a border whether plain dobby or jacquard containing folded yarn in excess of what is required for a 2" border.

20 The Textile Commissioner may from time to time issue directions in writing to any producer or class of producers or the producers generally, regarding the classes or specifications of cloth or yarn, and the maximum or minimum quantities thereof, which they shall or shall not produce during such periods as may be specified in the directions, and they shall comply with such directions

20A No producer other than a producer who has no spinning plant shall produce any article of clothing or any other article from cloth

20B. (i) No producer shall employ any spindle in his undertaking except for the spinning of yarn;

(ii) No producer having a spinning plant shall employ any loom in his undertaking except for the weaving of cloth

20C No producer having a spinning plant shall undertake or carry out—

- (a) any processing of any cloth or yarn not produced by him;
- (b) the spinning of yarn out of cotton or cotton waste not owned by him

21. (1) No manufacturer of cloth shall pack cloth except in bales containing not less than 1,450 yards and not more than 1,550 yards

(2) No manufacturer of yarn shall pack yarn except in bales or packages containing not less than 380 lbs. and not more than 420 lbs

(3) The Textile Commissioner may, subject to sub-clauses (1) and (2), by a general or special order prescribe the manner in which any manufacturer shall pack cloth or yarn in bales or packages.

22. (1) The Textile Commissioner may specify—

- (a) the maximum prices ex-factory, wholesale and retail at which any class or specification of cloth or yarn may be sold;
- (b) the markings to be made by a manufacturer or dealer on any class or specification of cloth or yarn manufactured or sold by him and the time and manner of making such markings.

(2) Notwithstanding anything contained in sub-clause (1) above, the Provincial Government or an officer authorised by the Provincial Government in this behalf may fix—

- (a) the ex-factory maximum price for the purposes of the special markings under clause 26 in respect of any type of cloth or yarn for which such price has not been specified by the Textile Commissioner under the said sub-clause;
- (b) the maximum prices ex-factory, wholesale and retail at which any cloth produced by a manufacturer or other person referred to in the explanation to sub-clause (2) of clause 23 may be sold and may further specify the markings to be made on such cloth and the time and manner of marking them.

(3) A Court shall presume unless the contrary is proved that the markings made on any cloth or yarn in the manner specified under this clause are made in accordance with this Order and that the prices so marked are the maximum prices specified under this clause.

23. (1) Where the marking to be made and the time and manner of marking it in respect of any class or specification of cloth or yarn have been specified under clause 22,

- (a) the manufacturer of, or, as the case may be, the dealer in, such cloth or yarn shall cause the marking to be made thereon at the time and in the manner specified;
- (b) no person other than such manufacturer or dealer shall cause the marking to be made on any such cloth or yarn;
- (c) no person other than the manufacturer shall have in his possession or under his control any cloth or yarn which is not so marked, unless it be for *bona fide* personal requirements;
- (d) no person shall alter or deface or cause or permit to be altered or defaced any marking made on any such cloth or yarn held by him otherwise than for his *bona fide* personal requirements;
- (e) no person shall make on any cloth or yarn any marking resembling the prescribed marking;
- (f) no person shall have in his possession or under his control otherwise than for his *bona fide* personal requirements any cloth or yarn the marking whereon is altered or defaced or is of a character specified in paragraph (e).

(2) No manufacturer shall sell or deliver any cloth or yarn of which the maximum ex-factory price has not been specified by the Textile Commissioner under clause 22

Explanation.—Nothing in this sub-clause applies to a manufacturer who does not manufacture any yarn or to a processor or to a person engaged in the production of handloom cloth

(3) No person shall in the manufacture of cloth use yarn (other than handspun yarn) the maximum ex-factory price of which has not been specified by the Textile Commissioner under clause 22

24. (1) No manufacturer or dealer shall sell or offer to sell any cloth or yarn at a price higher than the maximum price specified in this behalf under clause 22

(2) Every sale of cloth or yarn by a dealer except to a consumer shall be at a price either for station of despatch or ex-godown of storage at the buyer's option. Provided that the commission of a commission agent shall be paid by the buyer.

(3) No person acting as a commission agent in respect of a sale of cloth or yarn to which sub-clause (2) applies shall receive a commission which exceeds $\frac{1}{2}$ per cent of the maximum price of the cloth or yarn the subject matter of such sale.

(4) The Textile Commissioner may by notification in the official *Gazette* provide for the giving of a cash memorandum by any manufacturer or dealer in respect of any sale transaction, and for the particulars to be contained in any such cash memorandum

(5) No manufacturer or dealer shall, without sufficient cause, refuse to sell cloth or yarn to any person.

Explanation.—The possibility or expectation of obtaining a higher price at a later date shall not be deemed to be a sufficient cause for the purposes of this clause.

25. (1) Notwithstanding anything contained in sub-clause (2), no manufacturer or dealer shall after the 30th November 1948, buy or sell or have in his possession any cloth or yarn manufactured in India and packed before the 1st August 1948.

(2) No manufacturer or dealer shall buy or sell or have in his possession any cloth or yarn after the expiration of twelve months from the last day of the month marked on the

cloth or yarn in accordance with a direction given under clause 22 and no person shall buy or sell or have in his possession any such cloth or yarn in unopened bales or cases after the expiration from the said date of a period of three months in the case of a manufacturer and a period of six months in any other case.

(3) For the purposes of this clause a bale or case shall be deemed to be unopened if the hoops or other bindings and all outer covering have not been removed

(4) Nothing in this clause shall apply to handloom cloth

26. Notwithstanding anything contained in sub-clauses (1) and (2) of clause 25, any cloth or yarn not disposed of within the period specified may be kept and sold by a dealer subject to the conditions notified in this behalf by the Textile Commissioner prescribing the special marking to be made on such cloth or yarn, the agency by which the marking shall be made and the fee payable for such marking :

Provided that no such cloth or yarn shall be kept undisposed of by any dealer, or any person holding on behalf of a dealer for more than six months after the date of such marking

27. Where in pursuance of clause 22 (1) (b) or clause 22 (2) (b) or clause 26, any piece of cloth is required to be marked at one end with the ex-factory price or with the price at which it is to be sold retail, and the piece is not sold as a whole, that portion of the piece containing the price marking shall be sold last by the dealer

28. (1) No producer shall at any time, have in his possession—

(a) a quantity of cloth exceeding the total quantity produced by him during the preceding three months ; or

(b) a quantity of yarn exceeding—

(i) in the case of a person engaged in the production of yarn alone, the quantity of yarn produced by him during the preceding two months ;

(ii) in the case of a person engaged in the production of cloth alone, the quantity of yarn reasonably required by him for producing cloth during the next three months; and

(iii) in the case of a person engaged in the production of cloth and yarn, the sum total of the quantity of yarn reasonably required by him for the production of cloth during the next three months and the quantity equal to the yarn produced by him during the preceding three months over and above his own requirements during that period.

Explanation.—For the purposes of this sub-clause cloth on looms and yarn in the course of manufacture into cloth shall be excluded in computing the stocks in possession of a producer.

(2) 'No dealer, processor or other person not being a producer shall, at any time, have in his possession stocks of cloth or yarn in excess of his normal requirements.

Explanation.—For the purposes of this sub-clause the normal requirements of cloth or yarn, as the case may be, of a person engaged in manufacturing from cloth or yarn articles, of clothing or other articles such as ropes, tapes, newar, bandages or canvas shall be deemed to be the quantity of cloth or yarn used by him during the preceding three months in such manufacture.

(3) Nothing in sub-clause (2) applies to the possession by any person carrying on the business of banking of cloth or yarn pledged with him by a dealer or a manufacturer.

(4) For the purposes of sub-clauses (1) and (2) any cloth or yarn agreed to be sold to a dealer by a manufacturer and of which delivery has not been taken by the due date shall be deemed to be in the possession of the dealer and not of the manufacturer.

29. (1) Any person having in his possession cloth or yarn in excess of the quantity permitted under clause 28 shall forthwith report the fact, in the case of a manufacturer to the Textile Commissioner and in other cases to the Controller

(2) Any manufacturer or dealer in possession of cloth or yarn in respect of which the period for disposal prescribed under clause 25 or under the proviso to clause 26 is about to expire may report the fact to the Textile Commissioner or the Controller respectively.

(3) Any person making a report under sub-clause (1) or sub-clause (2) shall take such action as to the storage, distribution or disposal of the cloth or yarn as the Textile Commissioner or the Controller may direct.

ADDITIONAL POWERS OF THE TEXTILE COMMISSIONER

30. The Textile Commissioner may, with a view to securing a proper distribution of cloth or yarn or with a view to securing compliance with this order, direct any manufacturer or dealer, or any class of manufacturers or dealers—

- (a) to sell to such person or persons such quantities of cloth or yarn as the Textile Commissioner may specify ;
- (b) not to sell or deliver cloth or yarn of a specified description except to such person or persons and subject to such conditions as the Textile Commissioner may specify ; and

may issue such further instruction as he thinks fit regarding the manner in which the direction is to be carried out.

31. The Textile Commissioner may, with a view to securing compliance with this order—

- (a) require any person to give such information in his possession with respect to any business carried on by that or any other person ;
- (b) inspect or cause to be inspected any books or other documents belonging to or under the control of any person ;
- (c) enter and search, or authorise any person to enter and search, any premises and seize or authorise any person to seize any article in respect of which he has reason to believe that a contravention of this order has been committed and any other article in the premises which he has reason to believe has been or is intended to be used in connection with such contravention.

32. (1) The Textile Commissioner may, by an order in writing, direct any person who carries on the business of producing or selling a scheduled article—

- (a) to maintain such records of his purchases, sales, contracts, or other matters connected with his undertaking or business, and in such form and manner as may be specified in the order ;
- (b) to submit to such authority returns or statements in such forms and containing such information relating to his undertaking or business and at such times as may be specified in the order.

(2) The Textile Commissioner may by general order published in the *Gazette of India* issue a direction of the nature specified in sub-clause (1) generally to any class of persons referred to therein.

33. (1) The Textile Commissioner may by a general or special permit exclude from or modify or relax to such extent as may be specified by him, the operation of any such provision in respect of any person, act or thing or any class of persons, acts or things.

(2) The Textile Commissioner may in any such permit impose conditions, limitations and restrictions subject to which such permit shall have effect.

(3) Notwithstanding anything contained in this order, the provisions of the clauses specified in Schedule C shall have effect subject to the powers of the Textile Commissioner under sub-clauses (1) and (2) to withdraw, modify, or relax any or all of the restrictions enacted in those provisions.

34. The Textile Commissioner may by a general or special order in writing and with the previous sanction of the Central Government authorise any officer to exercise on his behalf all or any of his functions and powers under this order.

PROCEDURE AND PENALTY.

35. No person shall, with intent to evade the provisions of this order, refuse to give any information lawfully demanded from him under clause 31 or clause 32 or conceal, destroy, mutilate, or deface any book or other document kept by him in the course of his business.

36. No prosecution for the contravention of any of the provisions of this order shall be instituted without the previous sanction of the Provincial Government or of such officer of the Provincial Government, not below the rank of a District Magistrate, as the Provincial Government may by general or special order in writing authorise in this behalf.

37. Any court trying a contravention of any of the provisions of this order may direct that any article or articles in respect of which it is satisfied that the order has been contravened shall be forfeited to His Majesty.

SCHEDULE " A "

I Cotton card clothing and card clothing sundries for flat cards—

- 1 Cylinder fillet.
- 2 Doffer fillet
- 3 Sets of tops.
- 4 Stripping fillet
- 5 Burnishing fillet.
- 6 Hand stripping cards.
- 7 Walton's brushes.
- 8 Spiral strips.
- 9 Philipson's sheets
- 10 Philipson's top clearer strips
- 11 Ashworth's top clearer strips
- 12 Ashworth's dirt roller fillet
- 13 Rhodes stripping fillet
- 14 Lickerin wire.
- 15 Blued steel wire for roving waste openers
- 16 Card tacks.
- 17 Raising fillet

For waste and wedding cards :—

- 18 Cylinder fillet
- 19 Doffer fillet
- 20 Roller fillet.
- 21 Clearer fillet.
- 22 Fancy fillet.
- 23 Under clearer fillet.
- 24 Fancy stripper fillet.
- 25 Humbug fillet.
- 26 Feed roller fillet.
- 27 Lickerin fillet.
- 28 All other card clothing and sundries.

- II. Bobbins for use on textile machines other than jute and hemp.
1. Slubbing tubes.
 2. Roving tubes.
 3. Ring rabbeth.
 4. Ring weft pirns (including Universal and Wadia pirns).
 5. Ring doubler bobbins.
 6. Warper bobbins.
 7. Paper tubes and cones.
- III. Shuttles for use in textile looms other than jute and hemp
1. Shuttles for looms (ordinary).
 2. Shuttles for looms (automatic).
- IV Imported tallow.
- V. Dyes derived from coal-tar.
- VI Hydrosulphite of soda.
- VII Starch.
- VIII Ring spinning frames and mules for manufacture of cotton yarn

SCHEDULE " B ".

Maximum number of counts of yarn which a producer may produce

S No	Size of plant, with reference to the number of spindles installed and in working order.	Number of counts of yarn.
(1)	(2)	(3)
1	10,000	3
2	For every additional 10,000 spindles or part thereof	1

SCHEDULE " C "

Clauses 4, 6, 7, 12, 13, 14, 15, 17, 18, 19, 21, 23, 25 and 28

APPENDIX 24.

COTTON TEXTILES PRODUCTION (CONTROL) COMMITTEE

Copy of circular No. TCS I., dated 22nd October 1948, from the Textile Commissioner, Government of India, Ministry of Industry and Supply, to all Cotton Textile Mills

The Government of India have decided to introduce a measure of control over production of mill-made cloth with a view to—

- (a) securing the maximum possible production out of the equipment at present available ;
- (b) producing cloth of such varieties as is required by consumers in different parts of India, and
- (c) increasing the production of durable cloth to the maximum extent possible.

2. Certain measures of control on production are already incorporated in the Cotton Textiles (Control) Order, 1948. Government have now decided to introduce further measures of control on production as defined in the enclosed draft Order. The draft Order is being circulated to you with a view to acquainting you with the various control measures relating

to production which Government intend to enforce with effect from 1st December 1948, so that it will give you sufficient time to change your mixings and sorts in accordance with the Order. No remarks are called for on the draft but if, in view of special conditions of your machinery and other reasons, you desire to have any deviation from the provisions of the intended control, you should apply to the undersigned giving sufficient and valid reasons. If these reasons are found to be acceptable, it will be possible to grant an exemption.

3 The Order is expected to be issued in the *Gazette of India* some time in November. The provisions which already appear in the draft will be maintained, but there may be some modification in the phraseology.

Draft Notification.

In exercise of the powers conferred on me by clause 20 of the Cotton Textiles (Control) Order, 1948, I hereby issue the directions given below to all producers other than producers who have no spinning plant. They shall come into force on the 1st day of December 1948. Each of these directions shall be subject to the power of the Textile Commissioner to modify or relax to such extent and subject to such conditions, limitations and restrictions as may be specified by him. Any producer desiring deviation from any of them should apply for permission, stating full facts, to the Textile Commissioner through the Regional Director (Production) concerned.

1. No producer shall produce cloth of the descriptions specified in direction 2 below except in a specification included in the Schedule annexed hereto.

2. No producer shall produce cloth used for ordinary wear other than cloth of the descriptions specified below :—

- | | |
|-----------------------|-------------------------|
| 1. Dhoties— | 8. Shirts and Susis— |
| Grey. | Woven coloured. |
| Bleached. | Drop box check. |
| Mercerised. | Calendered |
| | Bleached |
| 2. Sarees— | Mercerised |
| Grey. | Sheetings— |
| Woven coloured | Grey. |
| Bleached. | Bleached. |
| Mercerised. | |
| 3. Mulls— | 10. Leopard— |
| Grey. | Grey |
| Bleached. | |
| Dyed. | 11. Drills— |
| | Grey. |
| 4. Voiles and Dorias— | Bleached |
| Bleached. | Dyed. |
| Dyed. | |
| Mercerised. | 12. Coatings— |
| Printed | Bleached. |
| | Dyed. |
| 5. Longcloth— | Woven coloured. |
| Grey. | Plain or dobby weave. |
| Bleached. | Mercerised. |
| Dyed. | |
| Printed. | 13. Mazri Cloth. |
| | |
| 6. Poplin or Crepes— | 14. Bed-sheets— |
| Bleached. | Grey. |
| Dyed. | Woven coloured. |
| Printed. | Bleached. |
| Mercerised. | Dyed. |
| | Dobby. |
| 7. Twill— | Jacquard. |
| Grey. | |
| Bleached. | 15. Bed Ticking Cloths. |
| Striped. | |
| Mercerised. | 16. Flannelettes— |
| | Bleached. |
| | Dyed. |

Note—Nothing in this direction shall apply to (i) cloth produced in pursuance of a contract with the Government, (ii) cloth produced for experimental or industrial purposes, (iii) cloth produced for export, and (iv) cloth of the non-wearable varieties specified in direction 3 below.

3. No producer shall employ (i) more than 1 per cent. of the total looms installed in his undertaking for producing cloth for experimental purposes or (ii) more than 3 per cent of such looms on all such cloth for experimental purposes plus all cloth of the non-wearable varieties specified below :—

- (i) Filter cloth.
- (ii) Gauze cloth.
- (iii) Mint cloth.
- (iv) Bandage cloth
- (v) Mosquito netting (square mesh)
- (vi) Handkerchief
- (vii) Canvas and ducks cotton.
- (viii) Umbrella cloth
- (ix) Tapestry or furnishing fabrics and table linens
- (x) Overall Jacquard and leno quality cloths
- (xi) Towels.
- (xii) Dusters and polishing cloths, size not exceeding one square yard.

Notes—(i) Nothing in item No. (v) of the above non-wearable varieties shall apply to diamond mesh mosquito netting (ii) Special looms employed for the production of diamond mesh mosquito netting and the narrow width looms specifically used for producing samples and tapes shall be excluded in determining the total number of looms installed in the undertaking for the purposes of this and the following direction No. 4

4. No producer shall employ more than 10 per cent. of his looms in the production of cloth of the descriptions specified below (or more than 5 per cent. in the production of any one of the said descriptions of cloth) :—

Drills.	Coatings
Twills.	Crepes.
Bed ticking cloths	

5. No producer shall produce drill weighing less than 6.5 ozs. per square yard in the grey state

6. Poplins and woven coloured shurtings shall not contain more than 50 per cent. of coloured yarn in the warp.

7. (a) No producer shall in any month piece-dye cloth in quantities exceeding 5 per cent. of his total production of cloth in that month or 75 per cent. of the monthly average of piece-dyed quantity during the years 1940, 1941 and 1942 whichever is more,

(b) The piece-dyeing shall be limited to cloth of the following descriptions only :—

Coatings,	Longcloths,
Drills,	Poplins,
Twills,	Sarees,
Crepes,	Voiles,
Lining cloths,	Mulls and
Umbrella cloth,	Dorias.

(c) The following descriptions of cloth shall be dyed only in shades which will be fast to bleach :—

Poplins.

Voiles and mulls.

Fine and superfine sarees

(d) Not more than 1 per cent of the total production of cloth in any month shall be dyed with sulphur colours

8. No producer shall dye any cloth in standard olive green shade, seamic No. 314, except cloth produced in pursuance of a contract with the Crown for the use of the Defence Forces.

9 No producer who has not got the entire printing equipment, such as printing machines, agers, soapers and washers, shall print any cloth

10 No producer shall in any month print more than $7\frac{1}{2}$ per cent. of his total production of cloth in yards in that month or 75 per cent of the monthly average of the total quantity printed by him during the years 1940, 1941 and 1942 *whichever is more*

11 (a) A producer shall utilise a minimum of 75 per cent. of his looms of between 48 and 58 reed space (both inclusive) for the production of dhoties and sarees.

(Explanation.—For the purpose of this direction dyed or printed mulls or voiles in fine or superfine qualities will be considered as sarees)

(b) No producer shall produce dhoties and sarees in superfine qualities in less than 44 inches width. Of the dhoties and sarees in superfine qualities in width of 44" and more a minimum of 25 per cent shall be produced in 44" width

(c) No producer shall produce plain or fancy dhoties except with borders of $\frac{3}{4}$ " width. If the border is dobby the number of shafts employed shall not exceed 12

(d) No producer shall produce sarees except with borders of either $1\frac{1}{2}$ " or 2". In the case of a plain border denting shall be 4 in a dent while in the case of a fancy border denting shall be 6 in a dent

SCHEDULE

Group No	Basic warp	Counts weft	Counts		Permissible maximum difference between reed and picks	
			Warp	Weft	All cloth (except poplin, sucies and woven coloured shirtings).	Permissible difference for poplins, sucies and woven coloured shirtings.
1	2	3	4	5	6	7
INDIAN COTTON						
I	6	6	5 to 7	5 to 7	4	..
II	8	8	7 to 9	7 to 9	4	..
III	14	10	10 to 14	10 to 12	4	..
IV	14	14	12 to 16	14 to 18	4	..
V	20	20	18 to 20	18 to 24	4	12
VI	22	30	22 to 24	28 to 32	8	12
VII	30	30	28 to 32	28 to 32	8	24
VIII	30	40	28 to 32	38 to 42	8	24
FOREIGN COTTON CARDED (Combed for special varieties)						
IX	40	40	36 to 42	40 to 42		32
X	44	50	42 to 44	44 to 50		32
XI	44	60	42 to 44	58 to 62		
XII	50	60	48 to 52	58 to 62		
IMPORTED EGYPTIAN COTTON (Karnak types 154 to 159) or equivalent cotton combed.						
XIII	60	80	58 to 62	78 to 80		

Copy of letter No. PDN/CPC-3, dated 6th November 1948, from the Secretary, Cloth Production Committee, Office of the Textile Commissioner, Bombay, to the Association

You are doubtless aware that the Government of India have appointed a Committee to examine the measures necessary for exercising control over the production of cloth and yarn in mills. The Committee have been charged with the duty of examining, amongst other things, the tentative measures of control over production proposed to be introduced by the Textile Commissioner in his draft Notification, a copy of which is enclosed. The terms of reference of the Committee also include an examination of the question of the desirability and practicability of rationalising the varieties of cloth to be produced by mills.

The Committee at its preliminary meetings held at Bombay on the 3rd and 4th November 1948 decided that a questionnaire on the subject should be issued to all the Mill-owners' Associations, Cloth Merchants' Associations and certain other bodies and that their representatives should be invited for a personal discussion with the Committee after the replies to the questionnaire have been received.

As the Committee have been directed by the Government to submit their report before the 31st December 1948 I am to request you to be kind enough to send a detailed reply to the enclosed questionnaire to the undersigned c/o the Office of the Textile Commissioner, Ballard Estate, Bombay, as early as possible and in any case not later than the 25th November 1948.

I am also to request you to kindly depute one or two of your representatives to appear before the Committee to give evidence at 10-30 a.m. on Thursday, the 9th December 1948 in the Committee Room of the Textile Commissioner, Sudama House, Ballard Estate, Bombay.

As copies of your replies to the questionnaire have to be sent urgently to all the members of the Committee, it will be appreciated if you will be so good as to send 10 copies of your replies.

Questionnaire

(1) Do you consider that the tentative measures of control over production as embodied in the draft notification sent by the Textile Commissioner to the mills with his letter dated 22nd October 1948 are adequate for securing the production of durable varieties of cloth? If not, please indicate in some detail the modifications you would suggest to secure the object in view.

(2) Do you consider it advisable to limit the number of varieties of cloth which can be produced by the mills? If not, indicate your objections.

(3) Do you consider it desirable and practicable to fix for each of the varieties mentioned in paragraph 2 of the draft notification referred to in question (1)

(a) the counts of yarn to be used in warp and weft; and

(b) reed, picks, (and) widths and where necessary, lengths.

If you consider it undesirable to make the specifications rigid, what latitude would you allow in the matter of specifications under (a) and (b) to make the scheme flexible, whilst ensuring durability of cloth manufactured by mills?

(4) In order to ensure the production of durable cloth do you consider it necessary to fix in respect of yarn used for the manufacture of such cloth the minimum count lea strength product? If the fixation of minimum count lea strength product is considered necessary, what figures would you recommend for the various counts of yarn—warp and weft, taking into consideration the cotton mixings from which yarn of a particular count is usually manufactured?

(5) (a) Are you in favour of manufacturing cheap and durable cloth commonly described as utility or austerity cloth ? If so, should the whole of the industry's production be in the form of utility cloth or only a proportion of it ? If a proportion is considered sufficient, indicate roughly what that proportion should be

(b) Do you consider that the Textile Commissioner should give detailed specifications of such utility cloths and should mills be compelled to follow those specifications ?

(6) In order to increase production are you in favour of fixing the average count for each mill, and if so, indicate what year should be taken as the standard for fixing the average count

(7) Are you in favour of fixing a maximum count for fine yarn beyond which mills should not spin in order that the picks may be reduced by the use of coarser yarn and yardage correspondingly increased ?

(8) (a) Would it help to increase the overall production of cloth if the manufacture of fine and superfine varieties is prohibited or restricted ? If you consider that restriction is desirable, indicate the extent of restriction which you regard as reasonable

(b) If it is decided to restrict or prohibit the production of fine and superfine cloth made out of yarn finer than the maximum stipulated, do you consider it desirable to prohibit the import of similar cloths from abroad.

(9) Do you consider it advisable for the Textile Commissioner to ask the mills to submit their production programme for his scrutiny and then to settle with each individual mill the programme to be followed, the programme being related to the equipment of each mill ?

Would you consider it desirable that, after the settlement of the programme of individual mills in the manner indicated above, the mills should be prohibited from manufacturing varieties other than those included in the approved programme, except with the permission of the Textile Commissioner ?

Separate Questionnaire in respect of Yarn for Handlooms

(1) Do you consider it desirable to fix a maximum count for yarn to be supplied to the handloom industry ? If such a maximum is considered desirable, what should be the maximum counts for warp and weft ?

(2) In order to make more yarn available from composite mills for the handloom industry, would you restrict or prohibit the use of folded yarn in weaving ? (This prohibition is not intended to apply to borders.)

*Copy of letter No. 284, dated 4th December 1948, from the Association to the Secretary,
Cloth Production Committee, Office of the Textile Commissioner, Bombay.*

Would you kindly refer to your letter No. PDN/CPC-3, dated the 6th November 1948, with which was enclosed copy of a questionnaire issued by your Committee. The Association's answers were required to be submitted on or before the 25th November 1948, but due to the Association's preoccupations with various matters of urgent importance, it was not possible to send the answers to the questionnaire within the time stipulated by you ; nevertheless, it is hoped that the views expressed in this communication and the accompaniments will be taken into consideration by your Committee.

2. Before proceeding to answer *seriatim* the questions included in the questionnaire, I am to draw your Committee's attention to certain considerations of a practical nature which should be taken into account by your Committee before putting up any proposals regarding cloth production. I first refer to the availability of Indian cotton in the season

1948-49. The figures, quoting from the statistics supplied to the Advisory Committee of the Textile Commissioner which met on 12th July 1948, are as under :—

1947-48 POSITION OF INDIAN COTTON.

(Figures in lakhs of bales of 400 lbs. each)

Supply :		
(a)	Estimated carry-over with the trade on 31-8-1947 ..	18.00
(b)	Carry-over with mills on 31-8-1947	15.00
	Total carry-over with mills and trade on 31-8-1947	33.00
Add :		
(c)	Estimated crop 1947-48	28.00
(d)	Receipts from Pakistan	2.80
	Total Supply	63.80
Distribution :		
(a)	Estimated mill consumption 1947-48	34.50
(b)	Estimated export 1947-48	10.00
(c)	Estimated stocks with mills on 31-8-1948 ..	13.00
	Balance estimated stocks with trade on 31-8-1948	6.30

1948-49 POSITION OF INDIAN COTTON

(Figures in lakhs of bales of 400 lbs. each)

Supply		
1	Opening balance :—	
(i)	Estimated carry-over with the trade on 31-8-1948.	6.30
(ii)	Estimated carry-over with mills on 31-8-1948 ..	13.00
	Total carry-over with mills and trade on 31-8-1948 ..	19.30
Add		
2	Estimated crop during 1948-49	26.00
3	Estimated receipts from Pakistan during 1948-49 as per agreement	6.50
	Total Supply for 1948-49	51.80
Distribution :		
1	Estimated mills' consumption during 1948-49	36.00
2	Estimated exports during 1948-49.	3.00
3.	Estimated stocks with mills and Trade on 31-8-1949 ..	12.80

3. I must explain at this stage that the estimated crop during the year 1948-49 has been assumed to be 26 lakhs of bales instead of 32 lakhs originally estimated in the Textile Commissioner's note referred to in para 2 above, the reduction being fully justified in view of the failure in cotton crop which was reported subsequent to the meeting of the Advisory Committee, and tallies with the estimate made by the trade. This reduction in the crop reduces the total supply in the year 1948-49 to 51.8 lakhs of bales.

4. Trade's estimate of the crop in Pakistan in the season 1948-49 is expected to be round about 11 lakhs of bales, and the Association is anxious that the Government of India should do everything possible to ensure that the full quantity expected from Pakistan, viz., 6½ lakhs of bales, is received in the Union.

5. Even assuming that we shall be getting 6½ lakhs of bales in the season 1948-49 as estimated, the figures of supply including carry-over from the previous season and import from Pakistan disclose serious state of affairs, and closing stocks at the end of the year which normally averaged between 12 and 20 lakhs with dealers and 12 to 15 lakhs with mills amounted

only to a little under 13 lakhs in all. Available supplies in the season 1948-49 are 51.8 lakhs as against 63.8 lakhs in the preceding year. We can safely say that at least 2 to 3 lakhs of bales of this cotton will be such as cannot be used by the mills on account of their very short staple length.

6. The figures should also be considered from another angle, i.e., as your Committee are probably aware, the fresh crop comes to the market in the producing centres in the second week of December. Mills are now consuming carry-over stocks of Indian cotton at the rate of, say, three lakhs of bales per month, which means that stocks held by mills and the trade would, if every bale were accounted for, be practically exhausted even before the new crop comes in. If, unfortunately, through any reason whatsoever, any delay occurs in securing cotton mills' requirements, mills might have to be closed down, or curtail the working hours. We consider that, to start with, every mill should have at least three months' stock on hand, but mills which are situated in the cotton producing area, and which usually buy up their requirements for the whole year during the season, require about six to nine months' stock. The present cotton supply position is so very precarious that some of the mills may have to close down before long due to inadequate supply of cotton. It should be pointed out that the cotton situation at the end of August 1949, particularly in respect of carry-over would be much worse than at the end of August 1948.

7. We consider that this is not the proper time to introduce any scheme which is calculated to increase the consumption of Indian cotton and reduce the consumption of foreign cotton in Indian mills. On the other hand, the shortage in the available supply of Indian cotton should be met by medium count mills switching over wherever they can, and to the extent they can, to the manufacture of fine counts and purchase more of foreign cotton as this is calculated to release a corresponding quantity of Indian cotton to those mills which, by nature of their equipment, cannot switch over from medium to fine counts.

8. Another point that needs to be made at this stage is that the proposal to prohibit production of cloth and yarn over certain counts is calculated to produce unsatisfactory results, in the sense that if the mills concerned have combers, then, not only will there be a substantial drop in production, but there will also be an increase in their demand for superior types of Indian cotton and also foreign cotton. We have been asked in one of the questions as to whether it is desirable to prohibit the import of fine and superfine cloth from abroad. Though we are prepared to agree to the importation of foreign cloth at reasonable prices so long as the present emergency lasts, we should be allowed to submit that Indian mills should be given all the facilities to utilise the available machinery to the fullest possible extent, and if the requisite types of cotton were not available in India, then the deficit should be met by importing cotton from abroad, so that the importation of cloth from abroad is limited to the extent to which Indian mill supply of fine and superfine cloth falls short of the actual requirements.

9. Another consideration to which we would like to draw the attention of your Committee is that we have been told recently that the aim of the Production Committee is to produce more durable cloth. That this also represents the view of Government, is borne out by the fact that the production scheme prepared by the Textile Commissioner more or less aims at a square type of cloth. Certain minimum differences have been laid down between the number of threads in the warpway and number of threads weftway of the cloth, and to work within the schedule and maintain production, either the reed has to be reduced, or the pick increased to produce the cloth, which, according to the scheme, is durable. We feel that reduction in the reed would make the cloth less attractive from the utility point of view, whereas an increase in the number of picks would definitely reduce the output of the mills. Furthermore, the schedule will completely mutilate certain types of fancy cloths which have been in the market for the last so many years, and which have been considered to be durable by the public.

10. Summarising the points made in the preceding paragraphs, I am to make the following submissions :—

(a) Indian cotton is in short supply (*vide* paragraphs 2, 3 and 4).

(b) The shortage is not only quantitative, but also qualitative in nature, and there is, therefore, no point in the industry being tied down to any scheme, as mills would not be able to find out in advance as to what cotton they are likely to obtain.

(c) The present stocks with the mills of Indian cotton are likely to be used up before the new crop of 1948-49 begins to move into the mills (*vide* paragraph 6).

(d) There is a very strong case for making up the shortage in the supply of Indian cotton by importation of larger quantities of foreign cotton (*vide* paragraph 6).

(e) To relieve the pressure on Indian cotton, such of the mills as are capable of doing so should be encouraged to switch over from medium to fine and superfine goods (*vide* paragraph 7).

(f) Mills producing fine and superfine cloths should not be forced to go coarser in view of the loss in production and other consequences, which are likely to accrue therefrom (*vide* paragraph 8).

(g) We have no objection to Government importing fine and superfine cloths from abroad at reasonable prices and till such time as the present emergency lasts, but it should be understood that importation should be allowed only to the extent to which India's requirements of fine and superfine goods cannot be met by Indian mills working up to their maximum capacity.

(h) Any scheme of production will be unworkable and would call for frequent deviations so long as the cotton supply position continues uncertain.

Association's Answers to the Production Committee's Questionnaire.

Question 1.—Do you consider that the tentative measures of control over production as embodied in the draft notification sent by the Textile Commissioner to the mills with his letter dated 22nd October 1948 are adequate for securing the production of durable varieties of cloth? If not, please indicate in some detail the modifications you would suggest to secure the object in view.

Answer.—The tentative measures proposed by the Textile Commissioner in his circular letter dated 22nd October 1948 seems to require modifications in the directions mentioned in the Association's memorandum, a copy of which is attached hereto.

That apart, maximum production can only be attained when individual mills are free to decide what they should produce taking into consideration the equipment available with them. The utilisation of equipment available with individual mills is a matter which can only be decided by the mills on the spot, and maximum production can only be attained in individual mills if the programme of production is designed to ensure the utilisation of the mills' capacity to the maximum advantage.

It does not, however, follow that mills should be left absolutely free to manufacture what they like. The Association always stands for the production of cloth which is required by the consumer, and we do not for a moment support the view that mills should be in a position to take advantage of the sellers' market and force on the public cloth which they would not ordinarily care to have. At the same time, there is a growing tendency for consumers to ask for increasing quantities of fine and superfine plain and fancy cloths, and this probably is one of the factors which has contributed to the accumulation of large stocks of coarse and medium goods in Bombay mills following the reintroduction of controls.

Question 2.—Do you consider it advisable to limit the number of varieties of cloth which can be produced by the mills? If not, indicate your objections.

Answer.—The Association is in favour of doing away with the manufacture of odd counts of yarn, and is further in favour of limiting the total number of counts of yarn to be spun in each mill, such number varying with the total number of spindles. The object of this limitation is to ensure that at least an economic number of spindles is engaged on any one count.

The limitation in the number of counts which could be spun automatically introduces a limitation in the types of cloth which could be produced. How, and what should be produced on the looms should ordinarily be decided by the mills with as little interference as possible, provided it is always understood that the available reed-space is utilised in the

best interests of the country. In this connection, it is suggested that, where mills have carding and combing sections, each section should be treated as a separate section for purpose of determination of number of counts to be spun.

Question 3.—Do you consider it desirable and practicable to fix for each of the varieties mentioned in paragraph 2 of the draft notification referred to in question 1 :

(a) the counts of yarn to be used in warp and weft ; and

(b) reed, picks, (and) widths and where necessary, lengths

If you consider it undesirable to make the specifications rigid what latitude would you allow in the matter of specifications under (a) and (b) to make the scheme flexible, whilst ensuring durability of cloth manufactured by mills ?

Answer.—Subject to what we have stated in the covering letter to this memorandum, the Textile Commissioner's recent notification is a workable basis, subject of course to requisite deviations in the case of mills who have real difficulties in keeping themselves within the four corners of the scheme

Question 4 —In order to ensure the production of durable cloth, do you consider it necessary to fix in respect of yarn used for the manufacture of such cloth the minimum count lea strength product ? If the fixation of minimum count lea strength product is considered necessary what figures would you recommend for the various counts of yarn—warp and weft—taking into consideration the cotton mixings from which yarn of a particular count is usually manufactured ?

Answer —The answer is in the negative. It has already been pointed out that the cotton supply position is so very precarious that mills may not know in advance what types of cotton they are likely to obtain.

Question 5.—(a) Are you in favour of manufacturing cheap and durable cloth commonly described as utility or austerity cloth ? If so, should the whole of the industry's production be in the form of utility cloth or only a proportion of it ? If a proportion is considered sufficient, indicate roughly what that proportion should be ?

(b) Do you consider that the Textile Commissioner should give detailed specification of such utility cloths and should mills be compelled to follow those specifications ?

Answer —(a) The manufacture of austerity cloth is not wanted by the public as is evidenced by the fact that the standard cloth scheme sponsored by the Government of India was a failure except in one or two isolated spots of India

(b) Already answered in (a).

Question 6.—In order to increase production, are you in favour of fixing the average count for each mill, and if so, indicate what year should be taken as the standard for fixing the average count.

Answer.—Please see the points made in the covering letter to this memorandum. The Association is not in favour of prescribing an average count for each mill. It should be left to individual mills to decide what they should produce, taking into consideration the quantity and type of cotton available to it in relation to its actual requirements, machinery, equipment, etc., keeping in mind the desirability of continuing to keep about the same number of looms working as in the basic period.

Question 7.—Are you in favour of fixing a maximum count for fine yarn beyond which mills should not spin in order that the picks may be reduced by the use of coarser yarn and yardage correspondingly increased ?

Answer.—There should be no limitations as regards the count and fineness of yarn to be spun. Such restrictions are calculated to hamper production and throw mills out of gear. It will bring about unemployment among labour and facilitate the importation of fine and superfine goods from abroad. It should not be altogether forgotten that mills switched over from coarse and medium counts at a considerable expense following the recommendations of the Noyce Tariff Board, and it is not fair to make them retrace their steps now. When normalcy comes back, these mills would have to resume production of fine counts, but

when they try to do so, they would either be unable to maintain the old standard or their place would already have been taken by foreign imports.

Question 8.—(a) Would it help to increase the overall production of cloth if the manufacture of fine and superfine varieties is prohibited or restricted? If you consider that restriction is desirable, indicate the extent of restriction which you regard as reasonable.

(b) If it is decided to restrict or prohibit the production of fine and superfine cloth made out of yarn finer than the maximum stipulated, do you consider it desirable to prohibit the import of similar cloths from abroad?

Answer.—We do not think that the restriction of fine count goods would improve production. In some mills, it would have a contrary effect, namely, production would be reduced.

We are informed by a member mill with 46,072 spindles and 784 looms and producing only superfine goods that if they were forced to produce coarser goods, they would have to stop one entire shift of ring spinning resulting in the displacement of 600 workers and loss of 250 bales of yarn per month to the handloom industry.

Subject to what we have stated in the covering letter to this memorandum, we have no objection, so long as the present emergency lasts, to the import of fine cloth and yarn at reasonable prices and to the extent that such requirements cannot be met from India.

Question 9.—Do you consider it advisable for the Textile Commissioner to ask the mills to submit their production programme for his scrutiny and then to settle with each individual mill the programme to be followed, the programme being related to the equipment of each mill?

Would you consider it desirable that, after the settlement of the programme of individual mills in the manner indicated above, the mills should be prohibited from manufacturing varieties other than those included in the approved programme except with the permission of the Textile Commissioner?

Answer.—We have no objection to the Textile Commissioner scrutinising the programme of each mill, but this process should be completed as expeditiously as possible. When a programme has been settled for individual mills, it may not ordinarily need revision, but if minor changes are required to be made by mills, they should be in a position to do so as a matter of routine, provided such changes are only notified to the Textile Commissioner later.

Answer to Separate Questionnaire in respect of Yarn for Handlooms

Question 1—Do you consider it desirable to fix a maximum count for yarn to be supplied to the handloom industry? If such a maximum is considered desirable, what should be the maximum counts for warp and weft?

Answer.—In fairness to the handloom industry, there should be no restriction in its production.

Question 2.—In order to make more yarn available from composite mills for the handloom industry, would you restrict or prohibit the use of folded yarn in weaving? (This prohibition is not intended to apply to borders.)

Answer.—The answer is in the negative.

Copy of letter No. 284, dated 4th December 1948, from the Association to the Textile Commissioner, Bombay.

I refer to your letter No. TCSI, dated the 22nd October 1948, with which was enclosed the draft notification which you propose to issue under clause 20 of the Cotton Textiles (Control) Order, 1948. The draft has been carefully examined by my Committee in consultation with members of my Association, and I set forth below for ready reference, the comments which have so far been received. We are aware that the notification has since been published, and its provisions will come into force from 1st January 1949, but we submit that, if you

agree with the observations we have made below, your scheme be amended even before it comes into operation

The clause numbers given below refer to the clause numbers specified by you in the draft notification.

Clause 1.—No comments

Clause 2.—I have to make the following observations in connection with the 16 items listed in this clause :

Item 1. Dhoties.—Should read as "grey, bleached and/or mercerised dhoties."

Item 2. Sarees.—Should read as "sarees and saree cloth, grey, bleached, dyed, printed, woven coloured, and/or mercerised."

Item 3: Mulls.—Should read as "grey, bleached, dyed, printed and/or mercerised mulls "

Item 4 Voiles and dorias.—Should read as "bleached, dyed, printed and/or mercerised voiles and dorias."

Item 5: Longcloth.—Should read as "Longcloth and shirting, grey, bleached, dyed, printed and/or mercerised " This item should also include cloths like cellular shirting, tennis shirting, aertex shirting, etc

Item 6: Poplin or crepes.—Should read as "bleached, dyed, printed and/or mercerised poplin or crepes." This item should include plain and/or dobby weaves

Item 7 Twill.—Should read as "grey, bleached, dyed, woven coloured and/or mercerised twill."

Item 8: Shirtings and susis.—Should read as "susis, striped or checked on grey, bleached or coloured ground and/or mercerised " This item should include plain and/or dobby weaves, either in the ground, stripes or checks

Item 9: Sheetings.—Should read as "grey, bleached and/or dyed sheetings."

Item 10: Leopard.—Should be deleted as it has already been included in item 5

Item 11: Drills.—Should read as "grey, bleached, dyed, printed and/or mercerised drills."

Item 12: Coatings.—Should read as "grey, bleached, dyed, woven coloured (plain or dobby weave) and/or mercerised coatings "

Item 13: Mazri cloth.—Mazri cloth of all descriptions.

Item 14: Bed sheets.—Should read as "bed sheets, grey bleached, dyed, and/or woven coloured (plain, twill, dobby or jacquard weave) "

Item 15: Bed ticking cloths.—Should read as "bed ticking " only.

Item 16: Flannelettes.—Should read as "bleached, dyed, striped and printed flannelettes."

Item 17: A new item should be introduced to cover cloths like "dosooty."

It should also be made quite clear that nothing in this clause shall prohibit the production of blankets on blanket looms.

Clause 3.—No comments.

Clause 4.—No comments

Clause 5.—No comments.

Clause 6.—No comments

Clause 7.—No comments, except that sub-clause (b) requires alterations to bring the items in conformity with the suggestions which have been made in clause 2 of the Order.

Clause 8.—No comments.

Clauses 9 and 10.—No comments.

Clause 11.—The explanation to clause 11(a) should be amended so that bleached, dyed or printed mulls or voiles in fine or superfine qualities will be considered as sarees.

SCHEDULE.

Groups Nos. I to XIII.—No comments.

General Remarks.—The Association desires to make the following general remarks :

The Order referred to has no application whatsoever to (a) cloth intended for export, and (b) non-wearable cloth referred to in clause 3 of the Order. It should, further, be made quite clear that it should not also be made applicable to cloths woven with art silk in the warp and/or weft.

Copy of circular No. TCSI/Production, dated 30th November 1948, from the Textile Commissioner, Bombay, to all Mills.

I am directed to enclose a copy of a notification of the Textile Commissioner relating to Control of Production for your information and guidance. The notification will be published in the *Gazette of India* within the next two days and will come into force with effect from 1st January 1949.

<i>Notification No.</i>	<i>dated</i>	1948.
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In exercise of the powers conferred upon me by clause 20 of the Cotton Textiles (Control) Order, 1948, I hereby issue the following directions :—

1. These directions will come into force from the 1st January 1949.

2. (1) Subject to the provisions of sub-paragraph (2) below, these directions shall be complied with by all producers other than producers who have no spinning plant.

(2) If a producer satisfies the Textile Commissioner or such officer as the Textile Commissioner may appoint in this behalf that there are sufficient reasons why such producer should be exempted from compliance with any or all of these directions or that any or all of these directions should be modified in their application to him, the Textile Commissioner or the officer so appointed by him may, by an order in writing, exempt such producer from compliance with any or all of these directions or modify any or all of these directions in their application to such producer.

3. In these directions—

- (a) the expression " basic years " means the years 1940, 1941 and 1942 ;
- (b) the expression " looms installed in an undertaking " means the total number of looms installed in an undertaking but does not include special looms used for the manufacture of diamond mesh mosquito netting or narrow-width looms used exclusively for the production of samples and tapes ;
- (c) the expression " quantity " means quantity as measured by the linear yard ;
- (d) the expression " wearable varieties of cloth " means the varieties of cloth specified in Schedule I annexed to these directions ;
- (e) the expression " non-wearable varieties of cloth " means the varieties of cloth specified in Schedule II annexed to these directions.

4. Except for (a) cloth produced for supply to the Government of India in accordance with an order placed with the producer by the Government of India, (b) cloth produced for experimental purposes, (c) cloth produced for export, and (d) non-wearable varieties of

cloth specified in Schedule II annexed to these directions, no producer shall produce any variety or description of cloth other than the wearable varieties of cloth specified in Schedule I annexed to these directions. The production of cloth for experimental purposes and of non-wearable varieties of cloth shall be subject to the provisions of paragraph 5 below.

5 No producer shall at any time employ

- (a) more than one per cent of the looms installed in his undertaking for the production of cloth for experimental purposes ; or
- (b) more than three per cent of the looms installed in his undertaking for the production of non-wearable varieties of cloth and cloth for experimental purposes taken together

Provided that nothing in this paragraph shall apply to the employment of special looms used for the manufacture of diamond mesh mosquito netting for the production of such mosquito netting or the employment of narrow-width looms used exclusively for the manufacture of samples and tapes for the production of such samples and tapes.

6 No producer shall at any time employ more than five per cent of the looms installed in his undertaking for the production of any one of the varieties of cloth specified below or more than ten per cent of the looms installed in his undertaking for the production of any two or more of the varieties of cloth specified below taken together.

The varieties of cloth referred to above

- | | |
|-------------------------|-----------------|
| (1) Bed ticking cloths, | (4) Drills, and |
| (2) Coatings, | (5) Twills. |
| (3) Crepes, | |

7 No producer shall produce any variety of drill which weighs less than 6.0 ounces per square yard in the grey state

8. No producer shall produce any woven coloured shirting (susis) which contains more than two thirds coloured yarn in the warp. No producer shall produce poplins and woven coloured shirtings (susis) in cloth Groups I to IV and XI to XIII of Schedule III.

9 (1) No producer shall piece-dye any variety of cloth other than coatings, crepes, dorias, drills, lining cloths, longcloths, mulls, poplins, sarees, twills, umbrella cloths and voiles ;

(2) No producer shall in any calendar month piece-dye more than five per cent. of the total quantity of cloth produced by him in that month, or seventy-five per cent. of the quantity of cloth piece-dyed by him in a month on an average during the basic years, whichever is more ;

(3) No producer shall piece-dye any of the following varieties of cloth except in a shade which is fast to bleach :

Poplins, fine and superfine sarees, mulls and voiles ;

(4) No producer shall dye with sulphur colours during a calendar month more than one per cent. of the total quantity of cloth produced by him during that month ;

(5) No producer shall dye any cloth in Standard Olive Green Shade (Searnic No. 314) except cloth produced for supply to the Government of India in accordance with an order placed by the Government of India

10. (1) No producer shall print any cloth unless he possesses the entire equipment for printing consisting of printing machines, agers, soapers and washers.

(2) No producer shall in any calendar month print more than seven and a half per cent. of the total quantity of cloth produced by him during that month, or seventy-five per cent. of the quantity of cloth printed by him in a month on an average during the basic years, whichever is more.

11. Of all looms of reed space between 48 inches and 58 inches (both inclusive) installed in his undertakings, a producer shall employ a minimum of seventy-five per cent. for the production of dhoties and sarees, that is to say, no producer may use any such loom for the production of any variety of cloth other than dhoties and sarees unless he is actually using at least seventy-five per cent. of all such looms for the production of dhoties and sarees.

Explanation.—For the purpose of this direction, bleached, dyed or printed mulls or voiles in fine or superfine qualities will be considered as sarees.

(1) No producer shall produce dhoties and sarees in superfine quality which are less than forty-four inches in width ;

(2) Of superfine dhoties and sarees manufactured by a producer during a calendar month, a minimum of twenty-five per cent. shall be forty-four inches in width.

13. (1) No producer shall produce dhoties with a border more than three-eighths of an inch in width. No more than twelve shafts shall be employed for producing a dobby border for dhoties ;

(2) No producer shall produce sarees with a border more than two inches in width. In the case of a plain border the denting shall not exceed four in a dent, while in the case of a fancy border the denting shall not exceed six in a dent.

14. No producer shall produce any wearable variety of cloth which does not conform to the specifications laid down in Schedule III annexed to these directions, that is to say, if the yarn used in the warp is of a count specified in column 4 of the Schedule, the yarn used in the weft must be of the count specified in corresponding entry in column 5, and the difference between reeds and picks must not exceed the maximum limit prescribed in column 6 or column 7 as the case may be.

SCHEDULE I.

Wearable Varieties of Cloth.

1. Dhoties—	8. Shirts and susis—
Grey	Woven coloured.
Bleached	Drop box check
Mercerised	Calendered
	Bleached.
2. Sarees—	Mercerised.
Grey	9. Sheetings—
Woven coloured	Grey
Bleached	Bleached.
Mercerised	
3. Mulls—	10. Leopard—
Grey.	Grey.
Bleached.	
Dyed	11. Drills—
Mercerised.	Grey
	Bleached
4. Voiles and dorias	Dyed.
Bleached	12. Costing—
Dyed.	Grey.
Mercerised	Bleached.
Printed.	Dyed.
	Woven coloured.
5. Longcloth—	Plain or dobby weave
Grey	Mercerised.
Bleached	
Dyed.	13. Mazri cloth.
Printed	
6. Poplin or crepes—	14. Bed sheets—
Bleached.	Grey.
Dyed.	Woven coloured.
Printed	Bleached.
Mercerised.	Dyed.
	Dobby.
7. Twill—	Jacquard.
Grey.	
Bleached	15. Bed-ticking cloths.
Striped.	
Mercerised.	16. Flanelles—
	Bleached.
	Dyed.

SCHEDULE II.

Non-wearable Varieties of Cloth.

- (i) Filter cloth
- (ii) Gauze cloth
- (iii) Lint cloth
- (iv) Bandage cloth
- (v) Mosquito netting (square mesh)
- (vi) Handkerchief
- (vii) Canvas and ducks cotton
- (viii) Umbrella cloth
- (ix) Tapestry or furnishing fabrics and table linens
- (x) Overall jacquard and leno quality cloths.
- (xi) Towels.
- (xii) Dusters and polishing cloths, size not exceeding one square yard

SCHEDULE III.

Specifications of Cloth.

Group No.	Basic counts		Counts		Maximum permissible difference between reed and picks	
	Warp	Weft	Warp	Weft	For all cloth except poplin and woven coloured shirtings (susis)	For poplins and woven coloured shirtings (susis)
1	2	3	4	5	6	7
I ..	6	6	5 to 7	5 to 7	4	..
II ..	8	8	7 to 9	7 to 9	4	..
III ..	14	10	10 to 14	10 to 12	4	..
IV ..	14	14	12 to 16	14 to 18	4	..
V ..	20	20	18 to 20	18 to 24	4	12
VI ..	22	30	22 to 24	28 to 32	8	12
VII ..	30	30	28 to 32	28 to 32	8	24
VIII ..	30	40	28 to 32	38 to 42	8	24
IX ..	40	40	36 to 42	40 to 42	8	32
X ..	44	50	42 to 44	44 to 50	8	32
XI ..	44	60	42 to 44	58 to 62	8	..
XII ..	50	60	48 to 52	58 to 62	8	..
XIII ..	60	80	58 to 62	78 to 80	8	..

Note.—In the case of poplins and woven coloured shirtings (susis) belonging to Groups IX and X, the permissible maximum difference of 32 between reeds and picks will not apply if the number of picks per inch are 56 or more.

Copy of letter No. CPC, dated 11th December 1948, from the Secretary, Cotton Textiles Production (Control) Committee, Office of the Textile Commissioner, Bombay, to the Association.

In the course of your discussion with the Cotton Textiles Production (Control) Committee regarding the question of fixing minimum reeds and picks, you were kind enough to agree to give your suggestions regarding the minimum number of reeds and picks for principal varieties of cloth falling under each group specified in Schedule III to the Textile Commissioner's notification circulated with his letter No. TCS-I/Production of 30th November, 1948.

2. The Committee also desire to know whether it would be advisable to prohibit manufacture of certain varieties permissible within the minimum reeds and picks suggested by you under each group specified in the schedule referred to above.

3. I am directed by the Chairman to request you to kindly furnish not later than Saturday, the 18th December, 1948, full information on the above two points. As the Committee have to send their recommendations to the Government before the end of the

month, the Chairman would be grateful if you would kindly send your reply by the specified date.

Copy of letter No. 284, dated 27th December 1948, from the Association to the Secretary, Cotton Textiles Production (Control) Committee, Bombay.

Would you kindly refer to your letter No. CPC, dated the 11th December 1948? The Association has since carefully considered the question of fixing minimum reed and pick for principal varieties of cloth falling under each group, and I set forth below their ideas in this matter :—

Group No.	Count	Shirtings		Dhories and Series		Mulls		Poplins		Remarks
		Reed	Pick	Reed	Pick	Reed	Pick	Reed	Pick	
IV ..	14s × 14s	36	32	..	..	..	..	..	..
V ..	20s × 20s	44	40	40	36	40	36	..	..
VI ..	22s × 30s	48	44	44	40	44	36	..	..
VII ..	30s × 30s	60	52	48	44	48	40	60	48	
VIII ..	30s × 40s	64	56	48	44	48	40	64	48	
IX ..	40s × 40s	64	60	52	44	52	44	72	52	
X ..	44s 50s	68	64	56	48	52	44	80	56	
XI ..	44s 60s	..	..	56	48	52	48	96	60	Combed Yarn
XII ..	50s 60s	..	..	60	48	56	48	..	..
XIII ..	60s 80s	..	..	64	56	60	48	..	..

Note 1.—Against Group V under the head Mulls, read X-quality

Note 2.—Dhories and Series.—The minimum reed and pick for series only in Groups V and VI will be the same as laid down in the above schedule. But in Groups VII to XIII inclusive, series would have 4 picks less than the minimum laid down for dhories in order to compensate for the heavier weight of borders woven in series.

Note 3.—No proposals have been given in respect of Groups I, II and III for the reason that Bombay City mills do not manufacture cloth from these groups in substantial quantities. The Production Committee may, therefore, kindly enquire from the Millowners' organisations of Cawnpore, C.P., and Central India which appear to be manufacturing these cloths in considerable quantities, before any minimum standards are fixed

2. The Association feels that, in submitting the above suggestions to the Production Committee, its own position should be made quite clear. Even the Textile Commissioner's scheme, as pointed out by the Association's representatives in the course of their evidence, is calculated to bring about a reduction in the output of certain mills, and any further attempt in the direction of increasing the durability of the cloth by laying down, for instance, certain minimum reed and pick, will result in further shrinkage of production. We feel that, apart from the loss of production involved, the durable and the heavier type of cloth which would be manufactured will not be appreciated by the public. Nevertheless, our suggestions have been placed before you in case the Production Committee still want to pursue this matter, but, in our opinion, the consumer to-day is more concerned with securing a cloth which answers his specific requirements, which, so far as the experience of individual mills goes, has been fully met by cloths produced by mills pre-war and to-day and which were and are manufactured with lesser reed and pick.

3. The Association desires to emphasise that the implication of the minimum suggested in the above schedule is that no mill would be allowed to produce cloths with reed and pick lower than those suggested (except in special cases after previous approval of the samples by the Textile Commissioner), but that there should be no objection to produce cloth with higher reed and pick.

Copy of letter No. 284, dated 31st December 1948, from the Association to the Chairman, Textile Production (Control) Committee, Bombay.

A sub-committee of this Association had a meeting with the members of your Committee on 8th instant.

At that meeting two suggestions were made—one, that the combing of all cottons should be discontinued, and the other, that the combing of Egyptian and Sudan cottons should be permitted and the combing of East African and Indian cottons should be discontinued. The members of the Millowners' Association had no prior notice of either of these suggestions, and as they are of considerable importance and may have far-reaching consequences, we feel that our considered views on them should be put before your Committee

At the meeting, your Committee laid considerable stress on the fact that only durable qualities should be produced, and we would like to emphasize that, in our opinion, combed qualities are definitely more durable than carded qualities. We also consider that this proposal would constitute a retrograde step detrimental to the long-term interests of the mill industry and the country. Certain sections of the industry have spent many years developing and establishing combed qualities, and have contributed, in our opinion, largely to the advance which has taken place in the qualities produced in India.

We would also like to draw the attention of the Committee to the fact that the comber operatives would be thrown out of work, and this is likely to lead to trouble with labour. There would also be a serious drop in spinning production and weaving production and a corresponding drop in weavers' earnings, which we also think would lead to trouble with labour. The production of cloth would drop considerably and we estimate this would be in the neighbourhood of 5 per cent. or even more. The foregoing remarks would apply equally to the proposal to stop the combing of East African and Indian cottons.

So far as our information with regard to the quantity of comber waste produced in India goes, we understand that the total quantity of comber waste exported from all India does not exceed 15,000 bales per annum, and we suggest that the total quantity is so small and the corresponding saving in cotton so small as to hardly justify the dislocation of the normal production of mills which the proposal would involve. We also understand that it would be difficult to use comber waste in the lower cotton mixings, as has been suggested, and that the normal practice in other countries is to spin waste on condenser plants, and that there are very few, if any, condenser plants in this country.

We do not know what quantity of Indian cotton is combed, but we think this is a comparatively small quantity. While we appreciate the difficulty in the supply position of Indian cotton, we consider that to replace this with East African, which was suggested, would present great difficulties and we doubt if it would be possible to supply East African cotton to replace Indian to those mills normally combing Indian cotton. They are not entitled to any quota under the present arrangements. In normal times combing of Indian cotton would be encouraged as it would suit the economy of the country, and by discontinuing the use of combed Indian cotton those mills which have specialised in qualities manufactured from combed Indian cotton would lose the benefit of the years spent in establishing such qualities. It would also not be easy for them to resume combing Indian cotton next season when the position may have reverted to normal.

Before coming to any decision on these proposals, we should be grateful if your Committee would give due consideration to the points we have put forward, and if you so desire, we shall be pleased to discuss this question with you.

APPENDIX 25.

TEXTILE CONTROL ENFORCEMENT SCHEME.

Scheme prepared by the Director of Enforcement (Textiles) on the Scope, Functions, and Set-up of the Textile Enforcement Staff as also on Legal Provisions and other aids that will be necessary to enforce Government's Textile Policy.

Functions.—The functions of the enforcement staff appointed under the orders of the Central Government will be restricted only to the following tasks :—

(a) To stop all leakage of cloth and yarn and sabotaging in the production of cloth and yarn in the mills; (b) to stop inter-Dominion and inter-Provincial smuggling; (c) to co-ordinate and direct the working of the enforcement staff which will be appointed by Provincial, State and Union Governments for the purposes of exercising effective control on cloth and yarn collection, transport, and their eventual distribution to the consumer;

(d) to investigate really important and inter-Provincial cases, and to exercise effective control on cases which are investigated by the Police of Provinces, States and Unions; and (e) to keep a look-out for corruption and malpractices among Government servants, transport agencies and other organisations connected with textile control.

2 *Scope*.—The Department will function throughout the Dominion of India within the tasks allotted to it under para 1 above.

3 *Organisation of the Enforcement Staff*.—It is proposed to have five zones, each under a Deputy Director of the rank of Deputy Inspector-General of Police. These officers need not, however, necessarily be police officers. In fact, the idea is to have one Deputy Director from the Income-tax Department, one from the Central Customs, one I.C.S. officer and two I.P. officers. The zones of Deputy Directors will correspond to the zones that are being created by the Textile Commissioner for cloth and yarn production purposes. They will be briefly as follows :—

Zone I : Bombay, Province up to Surat, with headquarters at Bombay Zone II. Saurashtra, Baroda and the rest of Bombay Province, with headquarters at Ahmedabad Zone III : Part of Rajasthan, Madhya Bharat, Vindhya Pradesh and C.P., with headquarters at Indore. Zone IV : East Punjab, Delhi Province, U.P., Bihar and West Bengal with headquarters at Kanpur. Zone V : Mysore, Travancore, Cochin and Madras Province with headquarters at Coimbatore

Headquarters for the zones have been selected at places which themselves are fairly big production centres, and where Millowners' Associations are already in existence

The duties of these Deputy Directors will be—

(1) To keep very close liaison with the Provincial Governments or administrative units in their zone and neighbouring zones and keep close contacts with all departments connected with textile work as also with the magistracy and the police whose co-operation will be absolutely necessary to secure successful enforcement, (2) to supervise, direct and control the work of enforcement as outlined in para 1 above in their jurisdiction, (3) to submit such reports and statements as may be called for by the Government or the Director, Enforcement, from time to time, and (4) to train the staff placed under their control in their duties, and to ensure that they work with honesty, zeal and efficiency.

4 Under the Deputy Directors will be Assistant and Deputy Assistant Directors, who will be men of the rank of Superintendent of Police and Deputy Superintendent of Police respectively, according to the importance of the Province or the nature of their job. These Assistant and Deputy Assistant Directors will also be recruited, not only from the police, but from among other departments as in the case of Deputy Directors and also from among retired Government servants and of different departments who are physically and mentally fit and energetic. One or two may, as a special case, be given to public men also. The duties of Assistant and Deputy Assistant Directors will roughly be as follows :—

(1) To liaise with the Provincial or administrative units of the Union where they are functioning and their local officers, especially the magistracy and the police, and to keep in touch with the working of the provincial enforcement staff, (2) to supervise and control the conduct and work of subordinate staff placed in their charge; (3) to ensure that there is no leakage or sabotaging of cloth and yarn from the mills and no inter-Dominion and inter-Provincial smuggling. For this purpose, they will not depend only on the reports of their subordinates. Their responsibility will be of a general nature for which they must keep in touch with cloth and yarn markets, industry and trade, and other agencies which can bring to light all breaches and contraventions of the Cotton Cloth and Yarn Control Order; (4) to keep a sharp look-out on transport agencies and other Government servants employed in textile control with a view to ensure that the textile policy of the Government is not sabotaged by the faults of omission and commission of any of these agencies or persons; and (5) to supervise and guide the investigation of all important cases entrusted to them for investigation

5. These Assistant and Deputy Assistant Directors will not only be attached to the headquarters of the Provinces but may be put directly in charge of subordinate staff for specific duties like the mill production control staff in big textile production centres, inter-Dominion smuggling prevention staff, textile exports checking staff, special investigation staff, etc.

6. The subordinate executive staff will consist of Inspectors and Sub-Inspectors, who will be called Chief Enforcement Officers and Enforcement Officers respectively. Their jurisdiction will be limited and their duties specific, but within their limited jurisdiction, they will be responsible for complete implementation of the Textile Department Enforcement policy. This staff will be used for checking the mill production, checking inter-Dominion and inter-Provincial smuggling, checking retail trade markets with a view to see if any unauthorised cloth or yarn has reached the market, and generally to see if the enforcement orders are being implemented properly. They will have full disciplinary control over the subordinates placed in their charge and it will be their duty to ensure that they perform the duties entrusted to them efficiently and that their official conduct is above reproach. They will also be responsible for training and guiding their subordinates in their duties. It is expected that roughly about 800 such Chief Enforcement Officers and Enforcement Officers will be required. It is too much to expect that the Indian Union Provinces will be able to find so many Inspectors and Sub-Inspectors from their cadre, particularly when there is acute shortage of Inspectors and Sub-Inspectors almost in every Province. I, therefore, propose to raise this staff from the following sources :—

(a) about 20 per cent. police, which I shall try to raise from the Provinces and States ; (b) 10 per cent. tehsildars and naib tehsildars ; (c) about 5 per cent. to 7 per cent. from the Rationing Department staff, (d) about 10 per cent. customs staff ; (e) about 5 per cent. excise staff ; (f) about 10 per cent. Income-tax Department staff

I propose to raise the balance from the employees in the textile industry, textile trade, retired Government servants, Congress and other patriotic workers who have a history of patriotism and sacrifice behind them, sons of Government servants who have a high reputation for integrity and efficiency and organisations like the 'All-India Spinners' Association, religious societies, etc., which emphasise on moral rectitude of their members in a practical manner.

7. Some head constables and constables will be required to work as orderlies for officers and for guard duties at important offices or with senior officers. In addition, it is proposed to commandeer the services of the watch and ward staff employed in the mills for enforcement purposes by a provision in the Act under which this enforcement staff will be created. All ranks in the enforcement staff will be invested with the powers of police officers and station officers under the Criminal Procedure Code, the Police Act and other laws to the extent to which these powers are necessary for their work in connection with textile enforcement. They will also have the responsibilities and liabilities of police officers according to the rank which they hold, and will also be eligible for legal privileges applicable to police officers. The pays and allowances of the various grades and ranks in the enforcement staff will be on the same lines as those in the Intelligence Bureau of the Government of India. In big places where Provincial Governments are giving special facilities regarding housing accommodation, etc., similar facilities will have to be given to the officers and subordinates of the enforcement staff.

8. In addition to the above executive staff, some administrative and clerical staff will be necessary, not only at the headquarters of the Director, Enforcement, but also in the offices of the Deputy Assistant and Deputy Assistant Directors.

9. All police officers will be eligible to wear their uniform. The question of uniform for the rest of the staff will be decided after discussion with the officers of my department and the Inspectors-General of Police of Provinces.

10. Staff cars will be necessary for the Director, Deputy Directors and Assistant and Deputy Assistant Directors. In addition, some station wagons, etc., will be necessary at

big textile production centres, at seaports where export and import will be a constant problem and some jeeps will be necessary for the enforcement staff which will work on Pakistan border. Some steam launches and boats will be necessary on West Bengal border and at seaports to chase unauthorised smuggling of goods. Some bicycles will be necessary for all the peons. Details of all this will be furnished as soon as the set-up is finally decided.

11 In the very nature of enforcement work, it will be necessary to employ informers, mill employees, etc., to give us information of breaches and contravention of the Cotton Cloth and Yarn Control Order. All these persons will have to be rewarded for furnishing this information. It may also be necessary to spend money on the entertainment of these sources and the entertainment of officers of Provincial Governments, public men, etc. To meet all these expenses, a big sum will be required for distribution among the Deputy Directors, Assistant Directors, and Deputy Assistant Directors. This will be treated as Secret Service money.

12. *Legal provisions and other aids.*—(a) As the enforcement staff will have no executive officer of a rank of less than a sub-inspector, all officers of this staff should have the power to conduct searches under the Criminal Procedure Code, Customs laws, Excise laws, Cotton Cloth and Yarn Control Order and other laws connected with textile control.

(b) As a corollary to (1) above, they should have the power to stop all transport, including railway trains, motor vehicles, steamers, boats, etc., for conducting these searches, and it should be open to this staff to break open sealed railway wagons and sealed godowns of shops, etc., as also sealed godowns of cloth and yarn mills, warehouse godowns of wholesale and retail firms for the aforesaid purposes. They will also be authorised to break open sealed packages for the above work.

(c) All offences under the Cotton Cloth and Yarn Control Order should be made cognisable so that arrests can be made by all officers of the enforcement staff for contraventions and breaches under the above order.

(d) As contemplated in para 7 above, all the watch and ward staff in the mills must be immediately placed under the Director, Enforcement, and be vested with all the powers and liabilities of police constables and head constables, according to their status, with respect to textile enforcement. They will also be under the disciplinary control of the Director, Enforcement, and will as such be liable to punishment, dismissal, transfer, etc., under his orders or the orders of other officers to whom such power is delegated by him. The above will also apply to the administrative officers in the mills in charge of the watch and ward staff.

(e) It will be open to all officers of the Enforcement Departments to enter any department of the mill at any time of the day or night and inspect the records and goods of the mill for purposes of check and general control. The mills authorities should be liable to punishment for failure to produce any records required for inspection or to obstruct the visits and inspection by officers of the Enforcement Department in any department or any part of their mill.

N.B.—Information so obtained will be kept secret, unless a prosecution is launched or the records are taken into possession by the police for which a receipt will be furnished to the mill authorities.

(f) No one arrested for the breaches and contraventions of the Cotton Cloth and Yarn Control Order should normally be released on bail, and under no circumstances bail should be granted to persons from whose possession contraband or suspected contraband yarn or cloth of the value of Rs. 5,000 or more is recovered.

(g) Government or quasi-Government servants arrested for breaches and contraventions or abetment and connivance of such breaches and contraventions should not be eligible for bail under any circumstances.

(h) Special Magistrates should be appointed by Local Governments to try cases of breaches and contraventions of the Cotton Cloth and Yarn Control Order. This is necessary with a view to secure expeditious disposal of these cases.

(i) Enhanced punishments should be provided for second, third and subsequent breaches of the Cotton Cloth and Yarn Control Order. Details can be decided upon after obtaining expert departmental and legal opinion.

(j) Mills' motor vehicles and other means of transport should be liable to confiscation if they persistently continue to commit or abet the commission of offences under the Cotton Cloth and Yarn Control Order.

(k) Persons constantly committing or abetting the commission of offences under this Order should be liable to detention without trial under the orders of the Government of India.

(l) All yarn, cloth, etc. in respect of which any breach or contravention is proved should be liable to forfeiture by Government.

(m) Enforcement staff should have powers of supervision over the work of subordinate railway employees and road transport men and should have the power to call for any documents and records which they consider necessary for the purposes of their checking.

(n) The Police authorities in the Provinces, States, and Unions must give adequate police force both armed and unarmed, for the assistance of the enforcement squads when required to conduct searches or make arrests, etc. They should also give full co-operation to the enforcement staff in the investigation and detection of offences connected with Cotton Cloth and Yarn Control Order.

13. It is to be hoped that the above provisions will be adequate to meet the requirements of the present situation, but if they fail to do so, it may be necessary to ask for more stringent legal provisions like the formation of Special Tribunals, dispensation of formal evidence in trials, admissibility of certain documents, etc., not admissible in evidence under the present law for the purposes of cases under the Cotton Cloth and Yarn Control Order, etc.

APPENDIX 26.

FACTORIES ACT, 1948.

Copy of letter No. 448, dated 10th March 1948, addressed by the Association to the Secretary to the Government of India, Ministry of Labour, Ministry of Law, Constituent Assembly of India (Legislative), New Delhi, and the Commissioner of Labour, Bombay.

Subject :—BILL TO CONSOLIDATE AND AMEND THE LAW REGULATING TO LABOUR IN FACTORIES.

I am desired by the Committee of the Millowners' Association, Bombay, to refer to the above Bill, which was introduced in the Constituent Assembly of India (Legislative) on 3rd December 1947 by the Hon'ble Mr. Jagjivan Ram. The Bill, it transpires, was subsequently referred to a Select Committee of the Assembly which, so far as my Committee are aware, have not yet met. It seems, however, that it is Government's intention to take the Bill through all its stages in the present session of the Assembly, and bring its provisions into force on 1st April 1948. My Committee had thought that an important measure like the one under consideration would be circulated as usual for public opinion, but this procedure has, for reasons undisclosed, not been done, and further, an attempt has been made to collect public opinion without giving the parties concerned sufficient time to study the Bill carefully. In this view of the case, my Committee desire to submit that the report of the Select Committee be circulated for eliciting opinions thereon so that the considered views of the interests concerned on the Bill may be available to members of the Legislature when it comes up for consideration. This may necessitate a slight postponement of the enforcement of the

new Act, but this would, in the long run, be more than offset by the advantages accruing from a well-considered and perfect piece of legislation.

Turning now to the various provisions of the Bill, I am to submit the following observations for the consideration of Government :—

Clause 7—Approval, licensing and registration of factories.—My Committee have no objection to the provisions of clause 7 if it is clearly understood that licensing is not required in respect of factories which are already in existence when the new Act comes into operation, and that licences would be granted to them as a matter of routine.

It seems that Government's intention is to ensure that no new factory shall commence operations without a licence. If this is so, the position should be made quite clear in the Bill. It should further be made clear that the mere extension of a factory would not necessitate a fresh licence, or the revalidation of an existing licence or the payment of a further fee. Another point which requires to be made in connection with clause 7 and other proposed provisions in the Bill relating to sanitation, overcrowding, ventilation, disposal of wastes and effluents, etc., is that the municipal laws of the country also confer certain powers in respect of such matters on the local civic authorities. It might perhaps facilitate matters if some provision could be made to avoid conflict which is likely to arise as a result thereof. This, it is thought, could only be achieved by Provincial Governments and civic administrations combining and setting up, at least in industrial centres, a joint board consisting of representatives of Government, civic authorities, and engineers and medical men. In this connection, it should be pointed out that, in the British Act, the provisions relating to sanitary conveniences, drainage, etc., are enforced by district councils.

Clause 12 (1) (a)—Cleanliness.—It is thought that the Factories Act need not concern itself with the disposal of dirt and refuse. This is a matter already covered by the Municipal Act. The sub-clause should, therefore, refer only to removal of dirt, etc.

Clause 13—Disposal of wastes and effluents.—This is a new clause, which has no parallel in either the British Act or in the Indian Act of 1934, and it is not clear why it has now become necessary. Moreover, the local Municipal Acts provide adequate safeguards to ensure the disposal of factory waste and effluents, and clause 13 (1) and (2) is, therefore, redundant. If, however, Government desire to retain this clause, then its application should be limited to new factories, but even in the case of the latter, Government would appreciate the need for ensuring that any "arrangement" to be prescribed in respect of such factories under clause 13 (2) is well within the means of the factory owner, if at all he has to bear the expense.

Clause 14—Ventilation and temperature.—Clause 14 (1) (a) states that effective and suitable provision shall be made for securing adequate ventilation by the circulation of fresh air. What constitutes adequate ventilation has, nowhere, been defined, nor have Provincial Governments the powers under clause 16 to prescribe a standard of ventilation. In this connection, attention is drawn to section 4 (2) of the British Factories Act which reads as under :—

"Section 4 (2).—The Secretary of State may by regulations prescribe a standard of adequate ventilation for factories or for any class or description of factory or parts thereof."

Similar provisions might be made in the Bill to eliminate difference of opinion between the inspector and the occupier as to what constitutes adequate ventilation, and to ensure that really satisfactory standards of ventilation are prescribed after careful enquiry.

The same remarks also apply to temperature (*vide* clause 14 (b)). My Committee submit that a standard of reasonable temperature may be laid down. Attention is drawn to section 3 (3) of the British Factories Act which reads as under, and it is suggested that similar powers be taken by the Central Government :

"Section 3 (3) of the British Factories Act.—The Secretary of State may, by regulations for factories or for any class or description of factory or parts thereof, prescribe a standard of reasonable temperature and prohibit the use of any methods of maintaining a reasonable temperature, etc."

Clause 14 (1) (b) (i).—This is a point which relates to the designing and construction of factories in general, and it should be made quite clear that there should be no question of the Inspector of Factories trying to tamper with the design of the walls or with the materials used for their construction. These are matters which should be gone into and carefully considered when the designs of proposed factories are first submitted for approval to Government under clause 7, and once the building work has been completed, it would not be possible to comply with the provisions of this clause without serious interference to the work of the factory and the general design of the factory. In this view of the case, the sub-clause should be deleted.

Clause 14 (1) (b) (ii).—Reference is made to my Committee's preliminary remarks on clause 14 (1) (b). It should be pointed out, however, that in the statement of objects and reasons appended to the Bill, Government have already conceded that "it is too much to expect inspectors to possess an expert knowledge of all these matters," namely, processes employed in factories; yet the Bill appears to empower the inspector to direct the occupier "to separate the process which produces excessive temperature" and further "to insulate the hot parts or by other effective means." My Committee are prepared to comply with all reasonable requirements, but the provisions of the Bill go too far, and it is suggested that the clause should end with the words "to protect the workers therefrom."

Clause 14 (2) — Measures such as "raising the level of the roof" and "insulating the roof" are calculated to interfere with the regular working of the factory in addition to serious alterations in the structure of the buildings, financial outlay, etc. These are matters which should have been taken care of when permission was accorded to the factory to commence building, my Committee have no objection to reasonable orders like whitewashing, spraying of roofs, etc., to ensure reduction in temperature in certain specific seasons of the year, but they regret they cannot agree to a sweeping clause of the nature provided by clause 14 (2).

Clause 15—Dust and fume.—The clause, as drafted, is defective from the following points of view :—

(a) It is not clear as to who decides first that dust or fume arising from a manufacturing process is injurious or offensive to the workers.

(b) It is not also clear as to who decides what constitutes an effective measure. Effectiveness is a relative term, and any new make of machine is always claimed to be more effective than those which are already in the market, and it is likely that, as the clause stands, there will be no finality to anything that is required to be done. In this view of the case, it is suggested that the clause be amended

(1) to make it clear that the Chief Inspector of Factories will first of all have to decide whether dust or fume or other impurity arising from the manufacturing process is to such an extent as to be likely to be injurious or offensive to the workers and that effective measures shall be taken to prevent its inhalation, etc., and

(ii) to substitute the word "reasonable" for "effective" in clause 15 (1)

Clause 16 (1) (a)—Artificial humidification—Standards of humidity.—My Committee do not understand how Government propose to prescribe "standards of humidification." If what is really meant is that Government propose to prescribe a standard humidity in factories, then my Committee desire to draw attention to the following statement made by Mr. T. Maloney in his Report on Humidification of Indian Cotton Mills (page 4),

"As to the percentages of humidity required, to give the best results in various processes, though it is possible to give some indication as to the percentage necessary, it is impossible to lay down hard and fast rules. Difference in machinery, speed, twist, count of yarn, class of cotton, length of staple, amount of composition of size and temperature will affect the percentages necessary in different mills."

If, however, Government propose to take powers to prescribe the method to be used for humidification, i.e., the type of humidifying apparatus to be utilised, then my Committee desire to submit that they are unable to agree with the proposition, as the occupier should,

in their opinion, have the discretion in adopting the humidifying apparatus which suits his factory.

The present Act (Act of 1934) empowers Government to prescribe standards "for the cooling properties of air in factories" (*vide* section 15 (1)). But this provision seems to have been dropped and, instead, Government now propose to prescribe the methods to be used "for securing adequate ventilation and cooling, etc." (*vide* clause 16 (1) (d)). The Notes on Clauses appended to the Bill do not throw any light as to the circumstances under which this change was found necessary. Whatever the position, my Committee desire to make it clear that Government are not so much concerned with the "methods used" as with their performance in relation to the comfort of the operatives, and in this view of the case, they are opposed to Government "prescribing the method, etc." Government should lay down standards of ventilation and cooling power of air in work-rooms, but there is no point in their insisting on the occupier adopting a particular method for attaining such standards.

Clause 18—Lighting.—Sub-clause (1) requires the maintenance of "sufficient and suitable natural or artificial lighting," and sub-clause (4) empowers the Provincial Government to prescribe "standards of sufficient and suitable lighting for factories etc." My Committee desire to make two points in connection with this clause: firstly, standards of lighting may be prescribed, but not the suitability of any particular system of lighting. Secondly, standards should be uniform throughout the country, and it is very difficult to attain uniformity if Provincial Governments were allowed complete freedom in such matters. The Central Government should first decide in consultation with experts, what should be a reasonable standard of lighting, and that standard should be applied throughout the country.

Clause 38—Precautions in case of fire.—My Committee have no objection to this clause if it is specifically laid down that, in the case of factories which are already in existence, only such measures as can reasonably be adopted would be insisted upon.

The same observations hold good in connection with all measures prescribed in connection with safety and other measures, and their application to existing mills should be tempered with reason. The British Factories Act, it should be reminded, provides for relaxation of the law in the case of mills which came into operation before the introduction of the Act.

Clause 42—Washing facilities.—My Committee are opposed to an extension of the existing facilities in mills which are already in operation, for the following reasons:—

(a) Lack of space in mill compounds, which rules out the question of extension of washing facilities already available.

(b) Shortage of water in the city, and the wastage of water which is to be found in such cases.

(c) These washing places tend to become regular dhobi ghats with workers utilising the facilities provided for washing clothes even when the factory is at work.

Even in connection with new factories, if Government intend to provide elaborate washing arrangements, then it should be clearly laid down that the facilities would be available only for one hour before starting and for one hour after closure of the shift.

Clause 43—Facilities for storing and drying clothing.—My Committee desire to oppose this provision for the reason that it is not possible to provide storing facilities in cotton mills in Bombay which individually employ between 2,000 and 5,000 workers per shift. It is not understood why it is proposed to provide accommodation for the drying of wet clothing, for, apart from the enormous extent of space that would be required for such purpose (even though it be open space), there is no reason to assume that workers would have any wet clothing with them when they are at work at the mills. They usually take their bath when they leave the mill premises at the end of the shift, and wet clothing, if any, are taken home.

Clause 44—Facilities for sitting.—My Committee are opposed to this clause for two reasons: firstly, such sitting accommodation provided in the gangways and alleyways inside

the departments are calculated to hamper free movement inside the mills, which is so very necessary to facilitate supervision and conveyance of raw material to the machine. Secondly, in the event of a fire or emergency resulting in a panicky exit of the operatives from the departments, such sitting accommodation will add to the confusion, especially at night if the electric lights in the departments had to be switched off as an emergency measure. Another point which should be borne in mind is that sitting accommodation will result in workers spending their time on such seats when they should really be at their machines. It should be pointed out that in the British Factories Act (*vide* section 44), sitting facilities are afforded only to women workers, and my Committee do not understand why the Indian Act should go further than the British Act in this respect, if at all anything has to be done in this matter.

Clause 45 (1)—First-aid appliances—My Committee consider that first-aid appliances on the basis of one box for every 150 workers employed in the factory, would mean an unreasonably large number of boxes even in a reasonably sized mill, which would be entirely unnecessary.

Clause 45 (3) requires that, in every factory wherein more than one thousand workers are ordinarily employed, there shall be provided and maintained an ambulance room or dispensary of the prescribed size, containing the prescribed equipment and in the charge of such medical and nursing supervisory staff as may be prescribed. My Committee desire to draw attention to the fact that, under the Sickness Insurance Bill, which is now before the Legislature, the responsibility for medical care of the workers is proposed to be taken over by the State in consideration of a premium paid by the employer for the purpose and my Committee, therefore, believe they are entitled to object to Government utilising the opportunity afforded by the amendment of the Factories Act, for passing on to the shoulders of the employer a part of the responsibility which they have undertaken under the other Bill, without any corresponding benefit or compensation to the employer. In this view of the case, my Committee urge the deletion of clause 45 (3). It is true that, mainly through voluntary efforts, several cotton mills in Bombay have established dispensaries inside the mill premises. The Association is prepared to recommend the continuance of these dispensaries till the introduction of the sickness insurance legislation, on the understanding that their continuance thereafter would depend on Government taking them over on such terms and conditions as may be negotiated between the Association and Government.

If, however, Government desire to compel mills to provide dispensaries, prescribe their equipment, etc., then it should be clearly understood that these dispensaries, equipments, etc., would be taken over by the State when the Sickness Insurance Bill comes into operation, at a reasonable price.

Clause 46—Canteens.—My Committee desire to oppose this clause on the ground of the following, among other, practical difficulties :—

(1) Lack of building space in mill premises, in some mills there is absolutely no space for putting up any new structure whatsoever.

(2) Caste and communal prejudices obtaining among workers

(3) The cosmopolitan composition of the labour force in factories, and the difficulty of evolving a standard menu suitable and acceptable to all tastes.

(4) The canteen idea does not fit in with the social life of the worker.

Even in mills which have canteens at present, the experience of the management has not been very happy. It was only very recently that, under pressure from the local authorities, one of our members in Sholapur opened a canteen at considerable expenditure, but the establishment had to be wound-up as the workers were found unwilling to take advantage of the facilities. This may be, perhaps, to some extent, due to the workers of one community or caste unwilling to take their food in a common room and on a common table with workers belonging to the other castes and communities, but it was reported to the management that a midday meal at the mills was embarrassing to several workers, private boarding houses in the town refusing, it was stated, to undertake to provide workers with their night meal only.

Establishments like cotton mills employing between 2,000 and 10,000 workers per day would, if they were compelled to provide even one cooked meal per worker per day, have to maintain an army of cooks, service boys, supervisors, purchasing and accounts staff, etc., which are calculated to be embarrassing to a large number of mills, not only from the point of view of the difficulties which are being experienced nowadays in procuring foodstuffs including vegetables in sufficient quantities at reasonable prices.

My Committee agree in principle that facilities for refreshment should be available to workers in industrial establishments, but they submit that the need should be met by the workers themselves forming into co-operative units and running such institutions themselves. Where, however, such co-operative institutions are not forthcoming, there should be no compulsion whatsoever on the management to provide canteens, but voluntary efforts by employers should be encouraged.

If, however, the employer is compelled to open canteens, then the question of participation of workers in the management should not arise, and the employer should be given the discretion as to whether and, if so, to what extent workers' co-operation in the management should be taken. While the employers may be expected to be ready and willing to consider always helpful, constructive and reasonable suggestions from workers, for the improvement of the usefulness of canteens wherever they are in existence, statutory association of workers in the management of the canteens is not calculated to produce useful results. Things may perhaps improve with the spread of education and sense of responsibility among workers, but until that stage is reached, the wide powers sought to be given to Government should not be utilised. In conclusion, my Committee's main objections to the provisions of this clause are of a twofold character :

First, to the principle underlying compulsion in the establishment of canteens, and second, to the compulsory association of workers in the management of canteens

It should also be pointed out that the question of canteens for supplying cooked meals to workers, should only be opened or considered if a large majority of the workers expressed a desire to have canteens. Reverting to the question of participation of the workers in the management of the canteens, my Committee desire to draw attention to the fact that even the British Act provides for the association of employed persons in the management of such institutions only " in any case where a portion of the cost is contributed by the persons employed " (*vide* Clause 46 (4) (c) of the Factories Act, 1937)

Clause 47—Shelters and rest rooms.—This clause requires amendment in the following directions :—

(1) It should be clearly stated that the shelters or rest rooms are intended to be used only during the recess hours

(2) Relaxation from the provisions of the rules would be available to existing factories.

(3) The words " cool and " in sub-clause (2) occurring before the words " clean condition " should be deleted. In other words, the employer would be required in appropriate cases to maintain the rooms in a clean condition only.

Clause 48—Creches.—My Committee have no objection to provisions being made for the accommodation of children below the age of six of women workers of mills. But they have great objection to the Provincial Governments prescribing " the location and the standards in respect of construction, accommodation, furniture and other equipment of rooms to be provided under this section." The location is a question which would depend on the conditions obtaining in each mill. There are mills where there is absolutely no accommodation whatsoever, but as has already been pointed out, in connection with another clause of the Bill, it is very essential that uniformity should be aimed at in the application of the Act, and this object cannot be achieved unless the Central Government prescribes all the essential details in connection with shelters and rest rooms in the Act itself

Clause 49—Welfare officers.—My Committee have the strongest objection to the principle underlying this clause. If the legislation prescribes certain welfare measures, then it is the responsibility of the occupier to ensure compliance with the statute; it should be left at that and Government should not concern themselves with the pay, conditions of service, educational qualifications, types, etc., of officers employed by occupiers for the

purpose Government's proposal is not altogether unlike their empowering the Inspector of Factories to dictate to the management about the appointment of managers of mills with particular qualifications and prescribing their pay, etc. The clause is altogether unwarranted. Government and the Inspectors of Factories have been given wide powers under the Act to enter factories, call for records, registers, examine persons, etc. the law also prescribes heavy penalties if it is proved that the employer has failed to comply with any of the provisions of the law. My Committee do not see why Government should seek to take additional powers which would enable them to force on the employers people with particular qualifications, salaries, etc., to ensure that the provisions of the law are complied with. My Committee submit that this clause be deleted entirely.

Clause 50—Power to make rules to supplement this Chapter.—My Committee object to the wide powers sought to be taken by Government under sub-clause (b). They suggest that this sub-clause be deleted, and the following clause taken from the British Factories Act, be inserted therefor with suitable verbal alterations.—

(b) " providing for the employed persons concerned being associated in the management of the arrangements, accommodation or other facilities for which provision is made, in any case where a portion of the cost is contributed by the persons employed; but no contribution shall be required from the persons employed in any factory, except for the purpose of providing additional or special benefits which, in the opinion of the Secretary of State, could not reasonably be required to be provided by the employer alone, and unless two-thirds at least of the employed persons affected in that factory, on their views being ascertained in the prescribed manner, assent "

Clause 59—Extra pay for overtime: sub-clause (3).—My Committee are strongly opposed to "allowances" being taken into consideration in computing overtime rates. My Committee have in mind allowances such as dearness allowance, which is linked up with the cost of living, and house allowance which is linked up with the cost of occupation of a house estimated in terms of money per month. When the hours of work were reduced from 54 to 48 per week, there was no *pro rata* reduction in the quantum of dearness allowance or in the basis of compensation for rise in the cost of living, and it is not fair now to suggest that, for working over 48 hours per week, workers should be paid increased dearness allowance also. If the principle underlying Government's proposal were to be taken to its logical conclusion, then it would be within the right of mills working shifts of $7\frac{1}{2}$ hours each, to reduce their dearness allowance to $7\frac{1}{9}$ of what they were paying prior to August 1946.

Clause 60—Restriction on double employment.—My Committee agree with the object underlying this clause, but it should be made clear that, so far as the occupier is concerned, an offence should be deemed to have been committed only if double employment within the terms of this clause was given with his knowledge or concurrence.

Clause 64—Power to make exempting rules: sub-clause 2 (b).—My Committee suggest that work falling within sub-clause (2) (b) should also be exempted from the provisions of section 51.

Sub-clause (2) (c).—The same remarks apply also to this sub-clause, and exemption is urged also from the provisions of section 51.

Clause 72—Working hours for children.—Please see remarks against clause 60.

Clause 79—Application of Chapter (Holidays with pay): sub-clause (b).—This sub-clause refers to award, agreement or contract of service. These expressions are not defined in the Act, and to prevent any misunderstanding it is suggested that this omission should be made good.

Clause 80—Annual holidays: Proviso to sub-clause (1).—This proviso refers to "termination of service" of the employment of a worker who has completed a period of six months' service in a factory. It is not clear firstly, who terminates the service, i.e., the worker himself or the occupier of the factory; and secondly, how, i.e., by the worker leaving service with or without notice on his own initiative, or by the employer dismissing him for misconduct, or discharging him with 14 days' notice or 13 days' wages in lieu of notice. The right to an annual holiday accrues under clause 80 only after a worker had completed 12 months' continuous service in a factory, and my Committee fail to see how a partial-right

can accrue after six months' service. A lenient view of things is perhaps understandable, for instance, where a worker is discharged for no fault of his, or where a worker leaves service with the consent of the employer or after giving the requisite notice before putting in 12 months' continuous service, but there is no room whatsoever for any such consideration where the worker is dismissed for misconduct or leaves service without notice to the employer as required in the terms of employment, and my Committee would appreciate an amendment to the clause in this direction.

Clause 80 (3) read in conjunction with sub-clause (b)—Briefly stated, leave due to a worker must be granted when asked for. Admitting the employers' liability to grant leave where it is due, the exigencies of a factory should not altogether be lost sight of, and the employer should be, in the interest of full production, in a position to postpone or offer an alternative leave period if, in his opinion, normal working of the factory would suffer by reason of the leave applied for being granted.

Clause 80 (4) and (5) contemplate a scheme of leave being prepared by the Works Committee or by the management in consultation with representatives of workers. As Government are aware, there is a large migration of workers from cotton mills in Bombay to their up-country villages during the marriage season or sowing operations. Applications for leave from an unduly large number of workers at this season will seriously inconvenience the mills and by compelling the employer to grant the leave when asked for, Government are only making matters worse. In this view of the case, it is suggested that the clause be amended to provide that, where it is not possible for an employer to reach an agreement with the works committee or representatives of workers, he should himself fix up a scheme and put it up on the notice board. No further alterations should be made in the list except by giving four weeks' notice to the worker concerned if the employer wants to make a change; provided that a worker may exchange the period of his leave with another worker subject to the approval of the employer.

Explanations 1 and 2 of clause 80.—This clause is somewhat involved, and in order to avoid any misunderstanding whatsoever, I figure out below the effect of the concession offered as my Committee understand it:—

Number of running days in the year	365
(a) Under Explanation 1 the extent of break permitted on ground of sickness, accident, or authorised leave, one-fourth of 365, which is equal to	91 days
(b) Break of service permitted for legal strikes, legal lockouts and involuntary unemployment: one-twelfth of 365, which is equal to	30 days.
Total of (a) and (b)	121 days

In other words, a worker may have been present in a factory for only 244 running days (365-121), yet he would be entitled to 10 days holidays with pay. Out of 91 days permitted in (a) above, unauthorised leave is condoned to the extent of one-eighteenth of 365, which is equal to 20 days excluding holidays.

If my Committee's understanding of the explanations as set forth above is correct, then I am to offer the following observations:—

(i) Official and statutory recognition or condonation of unauthorised absence to the extent of 20 days in a year excluding holidays, constitutes an undesirable precedent which might encourage unauthorised leave. When the Holidays with Pay legislation was first introduced, the Committee of the Association expressed their willingness to condone unauthorised absenteeism to the extent of 24 days per year in the aggregate. But this was, it must be pointed out, done as a special case only and in recognition of the fact that the legislation was new to the workers and that they should not be penalised for their ignorance;

(ii) Computation of the period of absence for purposes of section 80 should be on the basis of *running days* and not *working days*.

(iii) The definition of the expression "illegal strike" should be extended to include strikes declared illegal by competent courts set up under provincial statutes. For instance, the Bombay Industrial Relations Act has set up competent courts to decide, *inter alia*, whether a particular strike was illegal, but these Courts function under the Provincial Acts and not

under the Industrial Disputes Act, 1947, and any decision given by them about the illegality of a strike would be in pursuance of the Provincial Act and not the Central Act

Clause 81—Pay during annual holidays—In addition to overtime, *ex-gratia* payments such as bonus, value of concessions, if any, granted to workers in the shape of cheap grams, cheap housing etc., should not also be included in calculating the payment to be made in respect of holidays

Clause 89—Notice of certain disease sub-clause (1)—It is pointed out that the occupier's liability to notify the authorities under the provisions of this clause should commence to run only from the day he is made aware of the fact that the worker suffers from, or has contracted the disease in question

Clause 89 (3)—It should be made quite clear that the Chief Inspector's power to recover the cost of medical examination should be used only when it is conclusively proved that the working condition in the factory concerned was responsible for the worker contracting the disease specified

Chapter X—Penalties and procedure—My Committee are opposed to imprisonment being included as a punishment for contravention of any of the provisions of the Act.

Clause 98—Offences by workers—This clause should be elaborated on the lines indicated in clause 112, or clause 112 should be brought closer to clause 98

Clause 103—Power of Court to make orders—A decision or order of a Court under clause 103 should be appealable, and the question of a continuing offence should arise only when the time limit for appeal has expired or when the Appellate Court has confirmed the Lower Court's orders

Clause 108—Appeals—My Committee have been considering the question of disposals of appeals dealt with in sub-clause (1) of clause 108 and they were inclined to the view that an expert unofficial committee assisting the authority appointed by Government is calculated to yield satisfactory results

Clause 109—Display of notices Sub-clause (3)—My Committee are in favour of deleting this clause. Mills' notice boards are not intended for the display of "any other notice or poster relating to the health, safety or welfare of the workers in the factory," which the Inspector of Factories may by order in writing direct the occupier to display

APPENDIX 27.

THE FACTORIES (CANTEEN) RULES, 1948

Draft Notification No 658/34, dated 16th July 1948, issued by the Labour Department, Government of Bombay.

In exercise of the powers conferred by clause (1) of section 33A of the Factories Act, 1934 (XXV of 1934), the Government of Bombay is pleased to make the following rules, namely :—

RULES

1. *Title*.—These rules may be called the "Factories (Canteen) Rules," 1948.
2. *Definitions*—In these rules unless there is anything repugnant in the subject or context,—
 - (a) "Act" means the Factories Act, 1934 (XXV of 1934);
 - (b) "manager" means a manager of a factory;
 - (c) "rule" means a rule made under section 33A of the Act;
 - (d) "section" means a section of the Act;
 - (e) "specified factory" means a factory specified in Appendix "A" * to these rules;
 - (f) words and expressions

not defined in these rules but defined or used in the Act shall be deemed to have the same meaning as in the Act.

3. The occupier of each of the specified factories shall provide in or near the factory an adequate canteen according to the standards prescribed in these rules.

4. The canteen shall be provided and be available for the use of the workers of the factory, within a period of six months from the date of the coming into force of these rules :

Provided that the Provincial Government may for sufficient reason from time to time by an order in writing extend the said period in respect of any specified factory.

5. The manager of every specified factory shall submit to the Chief Inspector, for his approval, plans along with site plans in duplicate, of the building to be constructed or adapted for use as a canteen, and where a building is to be adapted of the adaptation proposed.

6. Every canteen building shall be so situated as to be not less than fifty feet from any latrine, urinal, boiler-house, coal stack, ash dump, or any source of dust, smoke or obnoxious fumes :

Provided that the Chief Inspector may in any particular factory relax the provisions of this rule in such manner and requiring such measures to be adopted as would in the circumstances of the case in his opinion be reasonable.

7. Every canteen building shall be constructed in accordance with the plans approved by the Chief Inspector and shall accommodate a dining hall, kitchen, store room and pantry, and separate washing places for workers and for utensils.

8. The canteen floor shall be made of smooth and impervious material ; the inside walls and inner faces of other walls in the canteen shall be made of smooth and impervious material up to a height of 4 feet from the floor and above the height of 4 feet of smooth cement plaster or such other smooth material as may be approved by the Chief Inspector.

9. The doors and windows of every canteen building shall be of such flyproof construction as will permit adequate ventilation.

10. Every canteen shall be adequately lighted.

11. (1) In every canteen—

(i) all inside walls of rooms and all ceilings, passages and staircases shall be lime-washed or colourwashed at least once in each year or painted once in three years dating from the date when last limewashed, colourwashed, or painted, as the case may be ;

Provided that inside walls of the kitchen shall be limewashed at intervals of not more than four months.

(ii) all wood work shall be varnished or painted once in three years dating from the date when last varnished or painted ;

(iii) all internal structural iron or steel work shall be varnished or painted once in three years dating from the date when last varnished or painted.

(2) Record of dates on which limewashing, colourwashing, varnishing or painting is carried out shall be maintained in Form F under the Bombay Factories Rules, 1935.

12. The surroundings of a canteen shall be maintained in a clean and sanitary condition. Waste water from the canteen shall be carried away in suitable covered drains and shall not be allowed to accumulate so as to cause any nuisance.

13. A canteen dining hall shall have accommodation on the scale laid down in Rule 14 for not less than 30 per cent. of the workers working at any one time in the factory to which it belongs :

Provided that, in respect of any factory or class of factories the Government may, by a notification in this behalf, alter the said percentage of workers to be accommodated.

14. (1) The floor area of the dining hall, excluding the area occupied by the service counter and any furniture other than tables and chairs or benches, shall be not less than 10 square feet per diner.

(2) A portion of the dining hall and service counter shall be partitioned off and reserved for women workers in proportion to their number. A separate washing place for women, ensuring adequate privacy shall be provided.

15. An adequate number of tables and chairs or benches shall be provided in every canteen to accommodate the number prescribed by or under rule 13.

16. An occupier shall provide and maintain in good condition an adequate quantity of utensils, crockery, cutlery, and other equipment necessary for the efficient running of the canteen. He shall also ensure that the employees serving in the canteen are adequately and cleanly clothed.

17. The furniture, utensils and other equipment in a canteen shall be maintained in a clean and hygienic condition. Every service counter shall be provided with a top surface of smooth and impervious material.

18. (1) The prices charged for articles served in a canteen shall be such as will create no profit on the running of the canteen.

(2) The Provincial Government may by special or general directions issued in this behalf and notified in the official *Gazette*, prescribe what proportion of the cost of running a canteen shall be borne by the occupier.

(3) The Chief Inspector may from time to time issue such special or general directions in consonance with the directions issued under sub-rule (2) as he may deem fit in respect of the prices to be charged.

19. The prices charged for each item served in the canteen shall be conspicuously displayed in the canteen.

20. All books of accounts, registers and any other documents kept in connection with the running of a canteen shall be made available for inspection to any Inspector appointed under section 10 of the Act.

21. The occupier shall get the accounts pertaining to the canteen audited, once every twelve months, by registered accountants and auditors. The balance sheet prepared by the said auditors shall be submitted to the Chief Inspector not later than two months after the closing date of the accounts audited.

22. The manager shall constitute a Canteen Advisory Committee, which shall be consulted from time to time as to—

- (i) the quality and quantity of foodstuffs to be served in the canteen ;
- (ii) the arrangement of the menus ;
- (iii) times of meals in the canteen ; and
- (iv) any other matter as may be directed by the Chief Inspector of Factories.

23. The Canteen Advisory Committee shall consist of equal numbers nominated by the occupier and elected by the workers,—the number of elected workers, subject to their in no case being more than five or less than two, being in the proportion of one per 1,000 workers employed in the factory.

24. The manager shall subject to such special or general directions as the Chief Inspector of Factories may from time to time issue, determine and supervise the procedure for elections to the Canteen Advisory Committee and the filling of vacancies on the Committee.

25. (1) In respect of each Canteen Advisory Committee fresh elections shall be held for the election of workers' representatives thereto not earlier than 18 months and not later than 24 months from the date of the last election of such representatives, and the Committee reconstituted accordingly.

(2) The occupier may at any time change his nominees on the committee.

26. The Chief Inspector may, by an order in writing, direct the manager to make available in the canteen any item of foodstuff if he is satisfied that such item is in general demand or is likely to be in general demand, in the canteen. Such order may specify the size of each portion to be served, the number of portions which shall be available and the frequency of service per week. Such order shall specify the time limit within which the order shall be complied with.

Copy of letter No. 199A, dated 11th October 1948, from the Association to the Commissioner of Labour (Factory Department), Bombay.

With reference to Government notification No. 658/34, dated the 16th July 1948, I set forth below my Committee's comments on the draft rules :

Rule 8.—It is not clear whether floor and dado walls will have to be finished in fine cement plaster or with some sort of non-absorbent tiles. If it is the latter, it will be a very expensive item. Under the Municipal City By-laws, a smooth rendering of cement plaster satisfied the conditions to provide a smooth and impervious surface, and this should be considered adequate for the purpose of this rule.

Rule 13.—Not many workers take advantage of the canteen and it would be wasteful to provide accommodation for 30 per cent. of the workers. There is, therefore, sufficient justification for a reduction in percentage figure. Assuming for the sake of argument that a large number turned up, the situation could be met by serving workers by batches.

Rule 14.—This rule lays down that a space of 10 square feet per diner will have to be provided for. In a recent booklet prepared by the Commissioner for India, Indian Tea Market Expansion Board, on "Canteen Planning and Tea Service," the space considered adequate is eight square feet per diner. In view of the fact that most of the mills in Bombay City have very little unoccupied space left in their compound, it is suggested that eight square feet per diner should be considered adequate.

Rule 18.—Clause (1) of this rule lays down that the prices charged for the articles shall be such as will create no profit; whereas clause (2) states that the Provincial Government may prescribe what proportion of the cost of running the canteen shall be borne by the occupier. Clause (2) therefore appears to be contradictory to clause (1) and should, therefore, be deleted. If clause (2) is deleted, clause (3) will become superfluous.

Rule 21.—It may not be possible for the mills to satisfy the requirements of this rule in view of the fact that the accounts of the canteen will be audited by registered accountants and auditors of the Company along with the company's accounts once in 12 months. In this view of the case, canteen accounts can be completed, made up and audited only when the company's accounts are audited and the time limit should be extended accordingly.

Rules 22 to 25.—It is suggested that the constitution of a Canteen Advisory Committee should not be insisted upon in mills where a Joint Committee under the Bombay Industrial Relations Act exists as the latter Committee is competent enough to deal with questions relating to quantity, quality and price of foodstuffs sold at the canteens.

Rule 26.—As this rule gives wide discretionary powers to the Chief Inspector of Factories, the same should be deleted. In any case, the words "or is likely to be in general demand" should be deleted.

APPENDIX 28.

PROVIDENT FUND FOR INDUSTRIAL WORKERS.

Copy of Bill to provide for the establishment and grant of Provident Fund to certain classes of workers introduced in the Constituent Assembly (Legislative) on 11th February 1948 by Mr. R. K. Sidhwa.

Whereas it is expedient to provide for the establishment and grant of provident fund to workers of certain classes by their employers ;

It is hereby enacted as follows :—

1. *Short title, extent and commencement.*—(1) This Act may be called the Workers' Provident Fund Act, 194 .

(2) It extends to the whole of India.

(3) It shall come into force on such date (not later than 3 months after this Act receives the assent of the Governor General) as the Central Government may, by notification in the official Gazette, appoint in this behalf.

2. *Definitions.*—In this Act, unless there is anything repugnant in the subject or context,—

- (a) "employer" includes any body of persons whether incorporated or not and any managing agent of the employer and the legal representative of the deceased employer ;
- (b) "factory" means a factory as defined in clause (i) of section 2 of the Factories Act, 1934 (XXV of 1934) ;
- (c) "prescribed" means prescribed by the rules made under this Act ;
- (d) "wages" includes any privilege or benefit which is capable of being estimated in money, other than a travelling allowance or the value of any travelling concession or a contribution paid by the employer towards his provident fund ;
- (e) "worker" means a worker as defined in clause (h) of section 2 of the Factories Act, 1934 (XXV of 1934), and also includes persons employed in the industrial establishments such as—
 - (i) tramway or motor omnibus service ;
 - (ii) dock, wharf or jetty ;
 - (iii) inland steam-vessel.

3. *Formation of provident fund.*—Every employer or worker and labourer shall open provident fund accounts called the provident fund.

4. *Subscription to be compulsory.*—(1) Subscription to the fund so established shall be compulsory in the case of all workers in permanent employment of the employer and who earn wages of Rs. 20 or more per mensem.

(2) Notwithstanding anything contained in sub-section (1), the workers who are monthly paid or daily or piece-rated, but paid monthly, shall also contribute to such provident fund provided that they have been in the employment of the employer for not less than one year prior to becoming member of such fund and earn monthly wages of Rs. 20.

5. *Rate of subscription.*—The compulsory contributions of the subscribers shall be at the uniform rate of 6 per cent. on total wages, and the contributions shall be deducted every month from their wages.

6. *Employer's contribution.*—At the commencement of each month the employer shall contribute to the fund double the sum made by the worker in the said month except in the case of death, retirement or dismissal of the subscriber.

7. *Investment and deposits of accumulated funds.*—The employer shall, as soon as possible, invest all the accumulated funds in Government securities, within the meaning of clause (a) of section 2 of the Indian Securities Act, 1920 (X of 1920) or in securities of the nature specified in clauses (c) and (d) of section 20 of the Indian Trust Act, 1882 (II of 1882).

8. *Limit of service for eligibility to the employer's contribution.*—All subscribers shall be entitled to receive their share and employer's contribution with interest after 10 years' service, from the date of their appointment :

Provided that when the subscriber leaves service or resigns or is discharged or dismissed he shall be entitled to receive his and his employer's contributions, forthwith.

9. *Protection of compulsory deposits.*—A compulsory deposit in any such fund shall not be liable to attachment under any decree of a civil, revenue or criminal court in respect of any debt or liability incurred by the subscriber.

10. *Penalty for breach.*—Whoever, being responsible for the establishment of a contributory provident fund under this Act, makes default or contravenes any of the provisions of this Act, or the rules made thereunder, shall be punishable with a fine which may extend to Rs. 5,000.

11. *Cognizance of offence.*—(1) No court inferior to that of a city magistrate or of a magistrate of the first class shall try any offence under this Act or any rule made thereunder.

(2) No court shall take cognizance of any offence under this Act or the rules thereunder, unless complaint thereof is made within six months of the date on which the alleged offence has been committed.

12. *Power to make rules.*—(1) The employer may, with the previous sanction of the Government of India, make rules, not inconsistent with the provisions of the Act, to carry into effect the purposes and objects of this Act.

(2) In particular and without prejudice to the generality of the foregoing power such rules may,—

- (a) provide for keeping of separate accounts for each subscriber ;
- (b) fix the rate of interest which the employer shall allow on payments made by the subscriber and the employer's contribution ;
- (c) provide the special reasons on which advances may be granted out of the fund to the subscriber ;
- (d) prescribe the maximum amount that could be granted, the interest to be charged on such an advance, and the mode of recovery of such advances ;
- (e) provide for disposal of the subscriber's accumulation on his death to his family ;
- (f) provide for nomination of a person or persons in the event of the subscriber's death ;
- (g) prohibit the subscriber from leaving the accumulation to any persons outside the family ; and
- (h) provide for the administration and management of the fund by the employer.

STATEMENT OF OBJECTS AND REASONS.

1. The Provident Funds Act, 1925 (Act XIX of 1925) is not applicable to workers employed in factories or labourers in industrial establishments such as house-buildings, quarrying, docks and other such establishments. Under section 58B (1) of the Income-tax Act, 1922, the Commissioner of Income-tax may accord recognition to any provident fund

which, in his opinion, satisfies the condition prescribed in section 58C and the rules made thereunder. It will be evident that under section 58B (1) the first move to obtain recognition of provident fund, for employees in factories and in other industrial establishments, should be made by the employer. It is very rare that an employer would volunteer to establish a contributory provident fund for his employees. The main object of this Bill is to make it compulsory for every employer of workers and labourers in the industrial concerns to establish provident fund for the betterment of such employees and their families. From the meagre pay they get, the employees are not in a position to lay by anything for themselves or their family for a rainy day. Establishment of provident fund will teach them frugality and the advantages of such a system will not meet with any objection or disapproval on their part as they would realise that the Bill aims at the good of their family and for themselves also.

2. The contribution by the employer will be an impetus for them to join the fund. The interests of the employers and the employees are generally found to be at variance. In order to establish mutual trust and confidence and to cement the differences between the employers and the employees, a measure like the one in this Bill would go a great way to promote mutual healthy relations between capitalists and labourers. This Bill seeks to promote growth of spirit of confidence, and with co-ordination of employees, the employers would be able to yield better results. By creating such fund the employers will attract to themselves a class of labourers which will be contented and in view of the provisions of the Bill, they would prefer to remain attached to a particular employer and there will be few occasions of strike in work.

Copy of letter No. 107, dated 18th March 1948, addressed by the Association to the Secretary, the Constituent Assembly of India (Legislative), the Secretary to the Government of India, Ministry of Labour and Ministry of Finance, New Delhi.

I am directed by the Committee of the Millowners' Association, Bombay, to refer to the Bill to provide for the establishment and grant of provident fund to workers of certain classes by their employers, introduced in the Constituent Assembly of India (Legislative) by the Hon'ble Mr. R. K. Sidhwa. The Bill, *inter alia*, seeks to lay down the rates of subscription to the fund, the manner of investment and disposal of funds, etc. In this connection, I am desired to point out that Chapter IXA of the Indian Income-tax Act and the Rules made thereunder recognise certain basic principles in regard to these matters, which have to be complied with and provided for before a provident fund could be recognised by the Income-tax authorities. These principles have also been more or less followed in the "Model Rules" relating to provident funds for industrial employers, published by Government. The Bill under consideration, however, cuts new ground altogether, and seeks to confer on workers privileges not conferred on salary earners generally in the country, which is altogether unwarranted. That apart, it also suffers from certain drafting errors and inconsistencies to which attention will be drawn in the following paragraphs:—

Turning now to the various clauses of the Bill, my Committee have the following observations to make:—

Clause 2 (d).—The expression "wages" includes "any privilege or benefit which is capable of being estimated in money, other than a travelling allowance, etc." As a rule, deductions for provident fund are linked up with basic wages, and the inclusion of such items as dearness allowance which vary from month to month according to the cost of living index, and bonus which depends on profits and which, in any event, is not known before the end of the year, or immediately after the commencement of the following year, will not only introduce an element of uncertainty as regards the respective shares of contribution to the fund but will also complicate accounting to the disadvantage of both the employer and the employee. Further, it is very difficult to evaluate the benefits which accrue to the employee through cheap grain shops, medical facilities, cheap housing, etc., provided by the employer.

Clause 3 lays down that "every employer or worker and labourer shall open provident fund accounts called the provident fund." The distinction between a worker and labourer is not clear. The former is defined, but the latter is not. Moreover, it is not also clear as to where the account is to be opened.

Clause 4.—According to clause 4 (1), the subscription is compulsory in the case of permanent employees who draw not less than Rs. 20 per mensem, but sub-clause (2) of clause 4 states that *anybody* who draws not less than Rs. 20 shall also contribute. There is apparently conflict between sub-clause (1) and sub-clause (2) of clause 4.

Clause 6.—There is a serious drafting error in this clause for, as it reads, the employer is expected to make a contribution, at the beginning of a month, equivalent to "double the sum made by the worker" in the said month. In other words, the employer is expected to know at the beginning of the month what total amount would be earned by the worker at the end of the month. Further, my Committee are strongly opposed to the provision which requires the employer to contribute double the amount contributed by the worker. This provision is without a precedent, and there is no justification for its incorporation in a Bill of this character.

Clause 8.—My Committee consider that the minimum period of service to entitle an employee to secure the full share of the employer's contribution to the fund should be 15 years.

The proviso to clause 8 is objectionable in the sense that it enables an employee who leaves service, or resigns, etc., to draw his own and the employer's share from the fund. This cuts at the root of the principles underlying the institution of provident funds. Such funds are established to encourage workers to do continuous and loyal service, and those who fail to put in the minimum service, namely, 15 years, or are dismissed, etc., should not be entitled to receive the employer's share.

Clause 10.—This clause lays down the penalty for breach of the rules so far as employers are concerned, but there is nothing to indicate what the penalties are likely to be if a worker refused to contribute to the fund.

Clause 12 (b) enables the employer to fix the rates of interest which he shall allow on payments made by the subscriber and the employer's contribution. The question of fixing a rate will never arise for, under clause 7, the employer has to invest all accumulated funds in Government securities "as soon as possible." In this view of the case, the beneficiaries to the fund would only be entitled to whatever interest the investments fetch, and the question of fixing a rate would not arise. Similarly, the question of providing special reasons on which advances may be granted from the funds will not also arise, because there will be no moneys in the funds for advances. It is also pointed out that sub-clause (d) would not also arise for the reason that there would be no money to loan.

Sub-clause (g) of clause 12 places an unnecessary responsibility on the employer. A worker is his own free agent, and subject to the law of the land, he should be free to assign his interest in the fund to anybody he likes.

For the above reasons, the Committee of the Association desire to oppose the Bill.

APPENDIX 29.

GOVERNMENT OF INDIA (AMENDMENT) ACT, 1949.

CONSTITUENT ASSEMBLY ACT No. I OF 1949.

An Act to amend the Government of India Act, 1935.

Whereas it is expedient to amend the Government of India Act, 1935, for the purposes hereinafter appearing ;

It is hereby enacted as follows :—

1. *Short title and commencement.*—(1) This Act may be called the Government of India (Amendment) Act, 1949.

(2) It shall come into force on the 15th day of January, 1949.

2. *Interpretation.*—The Interpretation Act, 1889, applies for the interpretation of this Act as it applies for the interpretation of an Act of Parliament.

3. *Amendment of section 8 of the Government of India Act, 1935.*—In section 8 of the Government of India Act, 1935 (hereinafter referred to as the said Act)—

(a) in clause (i) of the proviso to sub-section (1), after the words "in this Act," the words "or in any law made by the Dominion Legislature with respect to any of the matters specified in the next succeeding sub-section" shall be inserted; and

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

"(1A) The matters referred to in clause (i) of the proviso to sub-section (1) of this section are—

(a) industrial and labour disputes;

(b) trade and commerce in, and production, supply and distribution of, products of industries the development of which is declared by Dominion law to be expedient in the public interest;

(c) the sanctioning of cinematograph films for exhibition; and

(d) inquiries and statistics for the purpose of any of the matters in the Concurrent Legislative List."

4. *Insertion of new section 61A.*—After section 61 of the said Act, the following section shall be inserted, namely:—

"61A. *Extension of term of office of members of Provincial Legislative Councils.*—Notwithstanding anything contained in this Act, the Governor may, in the case of a Province having a Legislative Council, extend the term of office of a member of the Council, who is due to retire under sub-section (3) of section 61 of this Act, for such period as he thinks fit and may, in making such order, give such incidental and consequential directions as he may deem necessary."

5. *Amendment of section 101.*—In section 101 of the said Act, before the words "nothing in this Act" the words, figures and letter "save as provided in section 290A" shall be inserted.

6. *Insertion of new sections 290A and 290B.*—After section 290 of the said Act, the following sections shall be inserted, namely:—

"290A. *Administration of certain Acceding States as a Chief Commissioner's Province or as part of a Governor's or Chief Commissioner's Province.*—(1) Where full and exclusive authority, jurisdiction and powers for and in relation to the governance of any Indian State or of any group of such States are for the time being exercisable by the Dominion Government, the Governor-General may by Order direct—

"(a) that the State or the group of States shall be administered in all respects as if the State or the group of States were a Chief Commissioner's Province; or

(b) that the State or the group of States shall be administered in all respects as if the State or the group of States formed part of a Governor's or a Chief Commissioner's Province specified in the Order:

Provided that if any Order made under clause (b) of this sub-section affects a Governor's Province, the Governor-General shall before making such Order, ascertain the views of the Government of that Province both with respect to the proposal to make the Order and with respect to the provisions to be inserted therein.

(2) Upon the issue of an Order under clause (a) of sub-section (1) of this section, all the provisions of this Act applicable to the Chief Commissioner's Province of Delhi shall apply to the State or the group of States in respect of which the Order is made.

(3) The Governor-General may in making an Order under sub-section (1) of this section give such supplemental, incidental and consequential directions (including directions as to representation in the Legislature) as he may deem necessary.

(4) In this section, reference to a State shall include reference to a part of a State.

290B. Administration of areas included within a Governor's Province or a Chief Commissioner's Province by an Acceding State.—(1) The Governor-General may by Order direct that any area included within a Governor's Province or the whole or any part of the area included within a Chief Commissioner's Province shall be administered in all respects by a neighbouring Acceding State as if such area formed part of such State and thereupon the provisions of this Act shall apply accordingly :

Provided that where any such Order is made with respect to any area included within a Governor's Province, the Governor-General shall, before making such Order, ascertain the views of the Government of that Province both with respect to the proposal to make the Order and with respect to the provisions to be inserted therein.

(2) An Order made under sub-section (1) of this section may contain such supplemental, incidental and consequential provisions (including provisions for varying the representation in the Legislature) as the Governor-General may deem necessary."

7. Amendment of the Seventh Schedule.—In the Seventh Schedule to the said Act—

(a) for paragraph 34 of the Federal Legislative List, the following paragraph shall be substituted, namely :—

" 34. Development of industries, where development under Dominion control is declared by Dominion law to be expedient in the public interest ; regulation and control of such industries " ;

(b) for paragraph 27 of the Provincial Legislative List, the following paragraph shall be substituted, namely :—

" 27. Trade and commerce within the Province, subject to the provisions in paragraph 31A of List III ; markets and fairs ; money lending and money lenders " ;

(c) for paragraph 29 of the Provincial Legislative List, the following paragraph shall be substituted, namely :—

" 29. Production, supply and distribution of goods and development of industries, subject to the provisions in paragraph 31A of List III " ;

(d) after paragraph 31 of the Concurrent Legislative List, the following paragraph shall be inserted, namely :—

" 31A. Trade and commerce in, and production, supply and distribution of, products of industries, the development of which is declared by Dominion law to be expedient in the public interest under paragraph 34 of List I."

APPENDIX 30.

BOMBAY INDUSTRIAL RELATIONS ACT, 1946.

AMENDMENT OF SCHEDULES.

Copy of Notification No. 22/48, dated 20th August 1948, issued by the Labour Department, Government of Bombay.

The following draft of a notification which it is proposed to issue under section 113 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), is published as required by the proviso to the said section for the information of all persons likely to be affected thereby and notice is hereby given that the said draft will be taken into consideration by the Government of Bombay on or after the 1st September 1948.

2. Any objections or suggestions which may be received by the Commissioner of Labour, Bombay, from any person in respect of the said draft on or before the date aforesaid will be considered by the Government of Bombay.

Draft Notification.

No. .—In exercise of the powers conferred by section 113 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), the Government of Bombay is pleased to make the following additions and alterations in the industrial matters specified in Schedule I and Schedule II of the said Act, namely :—

(1) In Schedule I,

(a) after item 1, the following new item shall be inserted, namely :—

" 1A. Employee's tickets, cards, registers and service certificates " ;

(b) in item 3, for the word " notice ", the words shift working including notice " shall be substituted ;

(c) in item 10, for the words " employment : notice ", the words " employment including notice " shall be substituted :

(2) In Schedule II, for item 5, the following item shall be substituted, namely :—

" 5. All matters pertaining to shift working which are not covered by the Standing Orders applicable under this Act."

Copy of letter No. 78-A, dated 17th September 1948, from the Association to the Commissioner of Labour, Bombay.

BOMBAY INDUSTRIAL RELATIONS ACT, 1946—ADDITIONS AND ALTERATIONS IN SCHEDULES I AND II.

In continuation of my letter No. 78-A, dated 8th September 1948*, addressed to the Secretary to the Government of Bombay, Labour Department, I give below the Association's objections to and suggestions on the draft notification issued by the Labour Department on 20th August 1948 on the above subject :

Schedule I.—(a) The Industrial Court did not feel the absence of this proposed new item in settling the existing standing orders, as also the Association in framing the draft standing orders, which have already been submitted as required by section 35 (1) of the Bombay Industrial Relations Act. The existing standing orders do make a reference to employees' tickets and cards. Reference to " registers " in the proposed new item is not understood, and it is submitted that the maintenance of registers is outside the scope of standing orders for operatives.

(b) It is presumed that the intention in substituting the words " shift working including notice " for the word " Notice " in item 3 is to have a standing order dealing with all aspects of shift working. If this is so, we have no comments to make.

Schedule II.—It is strongly urged that item No. 5 of Schedule II should be left as it is. At present a mill management has two courses open to it in respect of discontinuance of a shift. One is to follow the standing orders and the second is to give a notice of change under the provisions of the Act for discontinuance of a shift otherwise than in accordance with the standing orders. The latter course will not be open for the mill management as all the aspects of shift working would be covered by the standing orders, and under the new item No. 5, the mill management will have to proceed under the Act only in respect of aspects of shift working not covered by the standing orders. The existing practice of leaving it to the option of the mill management to give notice of change for discontinuance of a shift or to follow the standing orders has not affected adversely the workers concerned. For instance, it would not be possible for the workers to get wages in lieu of a month's notice, if the present item No. 5 was not one of the items of Schedule II. It is, therefore, in the fitness of things to maintain item No. 5 as it exists at present.

Circular No. 78-A, dated 9th October 1948, from the Association to all Member Mills in Bombay Province.

I circulate for the information of members a notification issued by the Government of Bombay making alterations and additions in Schedules I and II of the Bombay Industrial Relations Act, 1946.

Labour Department, Bombay Castle, 17th September 1948.

No. 22/48-I.—In exercise of the powers conferred by section 113 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), the Government of Bombay is pleased to make the following additions and alterations in the industrial matters specified in Schedule I and Schedule II of the said Act, namely :—

(1) In Schedule I,

(a) after item 1, the following new item shall be inserted, namely :—

“ 1A. Employee's tickets, cards, registers and service certificates ” ;

(b) in item 3, for the word “ notice ” the words “ shift working including notice ” shall be substituted ;

(c) in item 10, for the words “ employment notice,” the words “ employment including notice ” shall be substituted.

(2) In Schedule II, for item 5, the following item shall be substituted, namely :—

“ 5. All matters pertaining to shift working which are not covered by the Standing Orders applicable under this Act.”

APPENDIX 31.

AMENDMENT OF THE BOMBAY INDUSTRIAL RELATIONS RULES, 1947.

Copy of letter No. 78-A, dated 23rd August 1948, from the Association to the Commissioner of Labour, Bombay.

I have to invite attention to the letter No. 1237/46-A, dated 10th August 1948,* from the Secretary to the Government of Bombay, Labour Department, addressed to the Association. I submit herewith the Association's objections and suggestions in connection with the draft notification mentioned above.

At the outset, I may mention that the information called for in the forms appended to the Rules is too detailed and its utility is not commensurate with the heavy clerical work involved in collecting it. Besides, in several cases, the information can be collected once a year, or the managements should be required only to report changes, if any, in the information supplied. I now give below the objections to the rule :—

(1) *Rule 72-A (b).*—This rule gives wide powers to the Director of Labour Information to obtain information from any individual or body which, in his opinion, is competent to furnish it. Once the Government has directed the submission of copies of records to the Director, it is not necessary to bestow such wide powers upon that officer. It is, therefore, suggested that the sub-rule should be deleted.

(2) *Rule 72-B (1).*—It is not quite clear whether the word “ he ” appearing in the last line stands for the employer or the officer. It is suggested that the word “ employer ” should be substituted for the said word “ he.”

(3) *Rule 72-B (3).*—As it is advisable that a time limit should be introduced, it is suggested that the words " within three months " be substituted for the words " on completion of the enquiry."

As regards the Appendix, in addition to the general observations made above, I give below my brief comments and suggestions on the forms appended to the draft rule :

Form I.—Item 1 in the form relates to the number of departments. As " department " has not been defined anywhere, information supplied by individual mills would be on different basis. As regards items 10 and 11 in the form, no mention has been made regarding the departments which were working on shifts, and it is not understood whether the information called for covers partial discontinuance or closure of a shift or shifts in a department or a section of a department. If it is insisted that the information in this form should be called for, it will be enough if mills are required to supply the information once a year and not every month.

Form II.—Columns 10 and 11 should be deleted, as there are no cases where compensation has been paid to workers who have gone on strike or have been rendered temporarily unemployed because of lockout, closure, etc. Column 13 should also be deleted as it is redundant in view of column 7.

Form III.—This is an extremely complicated form. This form has already been issued to the mills and the latter are finding it extremely difficult to fill in the columns. It is desirable, therefore, that the whole form should be scrapped, and substituted by another simplified form.

Form IV.—It will be impossible to fill in column 3 of the form as it will depend upon the character of production which is never constant. Column 6 should be deleted as workers who are suspended cannot be construed as having been discontinued from service. As regards column 12 it is not understood what exactly is meant by the word " reinstated." Moreover, it would be impossible to give reasons leading to the reinstatement of workers.

Form V.—The headings of columns 3 and 4 are vague in the sense that it is not understood whether they stand for workers who actually received their wages on the pay days or whether they stand for workers who became eligible for wages. If they stand for the former, as appears to be the intention, then the totals of columns 5 and 6, i.e., column 7, will only show the wage bill of workers who actually received payment, and not the wage bill of all workers who are entitled to receive their wages during the month. It would be impossible to evaluate the amenities given to the workers in the form of cheap grain, cloth, accommodation, etc., and, therefore, this column should be deleted. Column 8 is redundant.

Form VI.—The information called for in this form is governed by the provisions of the Factories Act, and therefore, it is unnecessary to collect the same under the Bombay Industrial Relations Act. Moreover, the information can be collected once in a year, and not every month, as medical attention, safety measures, amenities, etc., are not likely to change from month to month. It is advisable that this form should be deleted.

Form VII.—The above remark applies to this form also, and it is suggested that it should be deleted.

Form VIII.—It would be difficult for the mills to fill in columns 13, 14 and 15 as mills will have to conduct periodical investigations into the ages of male workers employed. Moreover, information regarding age given by individual workers may not be correct.

Form IX.—The mills should be required to send returns in this form once only. Changes, if any, may be required to be reported to the Director of Labour Information.

Form X : Item 1.—As " rationalisation " has not been defined mills will not be in a position to supply correct information. Column 2 is also vague and should, therefore, be more carefully worded or deleted.

Form XI.—The information required by this form falls outside the purview of section III of the Act.

Form XII.—The information required can be collected on an annual rather than a monthly basis. The headings of columns 2 and 3 of Part I are vague. In Part VII of the form, managements are required to state how many sides are given per sider. As the only measure to assess the sider's work is the number of spindles attended to by him, this item should be deleted. Parts II, III and VI fall outside the scope of section III of the Act.

Form XIII.—The information asked for in this form is of a highly confidential character and no useful purpose will be served by collecting this information. Moreover, it is submitted that Government does not appear to be entitled to collect this information as the same is not covered by section III of the Act. It is, therefore, suggested that this form should be omitted altogether.

In view of the cumbrous nature of the forms attached to the draft rule, and in the light of the remarks made above, it is requested that Government may be pleased to amend the forms. The Association is willing, if Government so desire, to submit amended forms which would be both simpler for mills to fill in and more useful.

APPENDIX 32.

CONSTITUTION OF JOINT COMMITTEES IN INDUSTRIAL UNDERTAKINGS.

Copy of letter No. 2429/46-E, dated 1st March 1948, from the Secretary to the Government of Bombay, Labour Department, to the Association.

I am directed to forward a copy of the Resolution on Industrial Truce unanimously adopted at the Industries Conference held by the Government of India in New Delhi in December 1947 and to say that it is understood that the main organisations of employers and workers have been addressed by the Government of India requesting them to accept the Resolution. It is, however, considered that since the Conference was attended by prominent representatives of all the major organisations of employers and workers, immediate measures should be taken to set up the machinery for giving effect to the various points covered by the Resolution.

One of the points covered by the Resolution which is the subject matter of this letter relates to the constitution in each industrial undertaking of Works Committees representing management and duly elected representatives of labour for the settlement of any disputes that may arise from day to day. The legal provision for setting up Works Committees already exists in the Industrial Disputes Act, 1947, and for Joint Committees in the Bombay Industrial Relations Act, 1946. I am to enquire whether any steps have been taken by your Association to set up Works Committees in their member mills engaged in cotton textile production as recommended in the Resolution and if not, to request that necessary steps may kindly be taken to set up the Committees as early as possible.

It would be appreciated if Government is informed of the action taken by the Association in this behalf at an early date.

Resolution.

This Conference considers that the increase in industrial production which is so vital to the economy of the country cannot be achieved without the fullest co-operation between labour and management and stable and friendly relations between them. The employer must recognise the proper role of labour in industry and the need to secure for labour fair wages and working conditions; labour for its part must give equal recognition to its duty in contributing to the increase of the national income without which a permanent rise in the general standard of living cannot be achieved. Mutual discussion of all problems common to both and a determination to settle all disputes without recourse to interruption in or slowing down of production should be the common aim of employers and labour. The system of remuneration to capital as well as labour must be so devised that while in the interests of

the consumers and the primary producers excessive profits should be prevented by suitable measures of taxation and otherwise, both will share the product of their common effort after making provision for payment of fair wages to labour, a fair return on capital employed in the industry and reasonable reserves for the maintenance and expansion of the undertaking.

For attaining these objectives, this Conference recommends :

(a) that the fullest use should be made of statutory and other machinery for the resolution of industrial disputes in a just and peaceful manner ; where it does not exist, it should be created without delay. Such machinery should as far as possible be uniform throughout India ;

(b) the establishment of machinery, Central, regional and functional, for the study and determination of fair wages and conditions of labour, and fair remuneration for capital ; and methods for the association of labour in all matters concerning industrial production, such as the formation of Central, Regional and Unit Production Committees ;

(c) the constitution in each industrial undertaking of Works Committees representing management and duly elected representatives of labour for the settlement of any dispute which may arise from day to day ;

(d) that, as a first step towards improving the standard of living of workers, immediate attention should be devoted to the problem of housing of industrial labour ; the cost of such housing should be shared in suitable proportions between the Government, employers and labour, the share of labour being given in the shape of a reasonable rent.

The principles enunciated above having been accepted, this Conference calls upon labour and management to agree to maintain industrial peace and to avert lockouts, strikes or slowing down of production during the next three years.

This Conference invites labour and management to assist Government to secure, promote and guarantee such agreements between the parties as will usher in a period of contented and orderly advancement towards a co-operative Commonwealth.

Copy of letter No. 78-A, dated 12th March 1948, from the Association to the Secretary to the Government of Bombay, Labour Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 2429/46-F, dated the 1st March 1948. This matter was discussed by my Committee at length with the Hon'ble Mr. Gulzarilal Nanda, at a meeting of the Committee held on Saturday, the 6th March 1948 at 12-00 noon, when the Hon'ble the Minister for Labour was good enough to explain precisely what was required by Government. Briefly stated, the Hon'ble Minister drew my Committee's attention to the provisions of Chapter IX of the Bombay Industrial Relations Act. Section 48 lays down that a Joint Committee may be constituted for an undertaking or occupation with the consent of the employer and the registered union for the industry for the local area ; provided that no Joint Committee shall be so constituted in respect of an undertaking or occupation where there is no representative union unless not less than 15 per cent. of the employees are members of a registered union. The Hon'ble Minister was good enough to give my Committee to understand that the Rashtriya Mill Mazdoor Sangh, Bombay, will shortly be registered as a qualified union within the provisions of section 13 (2) of the Act, and that what was required was that, bearing in mind the desirability of securing the co-operation of labour in stepping up production, the Association might encourage those mills where the qualified union, namely, the Rashtriya Mill Mazdoor Sangh had at least 15 per cent. membership, to set up Joint Committees as laid down in the Act and the Rules. The Hon'ble Minister very kindly promised to supply the Association, in due course, a list of such cotton mills where the Rashtriya Mill Mazdoor Sangh claimed at least 15 per cent. membership, and it was understood that, on receipt of this information, the Committee would persuade the mills concerned to set up Joint Committees as soon as the Rashtriya Mill Mazdoor Sangh has been registered under the Act. The Hon'ble Minister was also good enough to say that where Joint Committees are established he would persuade the Rashtriya Mill Mazdoor Sangh to accept a mill officer as chairman of the Committee.

Copy of letter No. 2429/48-A, dated 17th May 1948, from the Secretary to the Government of Bombay, Labour Department, to the Association.

Subject :—JOINT COMMITTEES IN INDUSTRIAL UNDERTAKINGS.

I am directed to refer to the correspondence ending with your letter No. 78A, dated the 12th March 1948, on the above subject and to say that according to the information supplied by the Rashtriya Mill Mazdoor Sangh, the latter has more than 15 per cent. members in the following 16 cotton textile mills in Bombay City :—

1. The Jam Manufacturing Company Limited, Mill No. 2.
2. The India United Mills Limited, Mill No. 4.
3. The India United Mills Limited, Mill Nos. 2 and 3.
4. The New Great Eastern Mills Company Limited.
5. The Simplex Mills Company Limited.
6. The Colaba Land and Mill Company Limited.
7. The Jubilee Mills Company Limited.
8. The Bradbury Mills Limited.
9. The Khatau Makanji Spinning and Weaving Company Ltd.
10. The Madhowji Dharmei Manufacturing Company Limited.
11. The Sassoon Spinning and Weaving Company Limited.
12. The Kamala Mills Limited.
13. The Meyer Mills Limited.
14. The Seksaria Cotton Mills Limited, Mill No. 1.
15. The Raghuvanshi Mills Limited.
16. The Elphinstone Spinning and Weaving Company Ltd.

I am to add that the Sangh has been registered as a qualified union for the cotton textile industry in the local area of the City of Bombay under the Bombay Industrial Relations Act, 1946.

It is requested that Government may be informed of further action taken by the Millowners' Association in this matter at an early date.

APPENDIX 33.

CONSTITUTION OF WORKS COMMITTEES IN TEXTILE PROCESSING INDUSTRY.

Copy of letter No. 78-A, dated 20th September 1948, from the Association to the Secretary to the Government of Bombay, Labour Department, Bombay.

I am to invite attention to the Order* issued by the Government of Bombay, Labour Department, dated 18th August 1948, requiring 156 employers to constitute Works Committees in the Industrial Establishments under their respective control in the manner

prescribed in the Industrial Disputes (Bombay) Rules, 1947. The following eight establishments, which are members of the Association, are also affected by the said order :

1. The Bombay Dyeing and Manufacturing Co., Ltd., Dye Works.
2. The India United Mills Ltd., Dye Works.
3. The Indian Dyeing, Bleaching and Printing Works Ltd.
4. The Madhowji Dharamsi Manufacturing Co., Ltd., Dyeing and Bleaching Works.
5. The Morarjee Goculdas Mills' Bleach and Dye Works.
6. The Empire Dyeing and Manufacturing Co., Ltd.
7. The Swadeshi Dyeing, Bleaching and Printing Works.
8. The Tata Mills' Bleach and Dye Works.

In view of the fact that these establishments are attached to cotton textile mills and in most cases are situated in the same compound, it is requested that the Bombay Industrial Relations Act should be made applicable to them so that the provisions of Chapter IX (Joint Committees) may operate. Such a course will avoid the invidious distinction between Joint Committees functioning in one part of the establishment and Works Committees in another. I am to request that Government should make their decision in this regard available at an early date.

Copy of letter No. 267/48-B, dated 18th December 1948, from the Secretary to the Government of Bombay, Labour Department, to the Association.

Subject :—WORKS COMMITTEES.

With reference to your letter No. 78A, dated the 20th September 1948, on the above noted subject, I am directed to state that the request in your letter may be renewed when the principal mills to which the dyeing and bleaching works belong, have Joint Committees functioning and that till then it would be proper that the dyeing and bleaching works have the benefit at least of the Works Committees under the Industrial Disputes Act, 1947.

Copy of letter No. 78-A, dated 21st December 1948, from the Association to the Secretary to the Government of Bombay, Labour Department, Bombay.

I am in receipt of your letter No. 267/48-B, dated the 18th December 1948, regarding Works Committees in certain dyeing and bleaching works. It has been reported in the Press that Government have applied the Bombay Industrial Relations Act to the textile processing factories with effect from 1st January 1949. If this report is correct then obviously, no useful purpose would be served by proceeding with the formation of Works Committees in the dyeing and bleaching works for only a week or so.

Extract from the Bombay Government Gazette Extraordinary, dated the 16th December, 1948.

No. 180/48.—In exercise of the powers conferred by sub-section (4) of section 2 of the Bombay Industrial Relations Act, 1946 (Bom. XI of 1947), the Government of Bombay is pleased to direct that all the provisions of the said Act shall apply with effect from the 1st January 1949 to the textile processing industry in the Province of Bombay as specified below :—

All concerns using power and employing twenty or more persons, which are engaged in one or more of the following processes, namely, dyeing, bleaching, finishing, mercerizing, calendering, printing or glazing of yarn, cloth or articles made of cloth or any process incidental or supplemental thereto.

APPENDIX 34.

AMENDMENT OF INDUSTRIAL DISPUTES (BOMBAY) RULES.

ESTABLISHMENT OF WORKS COMMITTEES.

Copy of letter No. 169, dated 13th April 1948, from the Association to the Secretary to the Government of Bombay, Labour Department, Bombay.

I am directed by the Committee of the Association to refer to Government notification No. 575/46, dated the 10th March 1948, published in the *Bombay Government Gazette Extraordinary*, dated the 13th March 1948,* proposing certain amendments to the Industrial Disputes (Bombay) Rules, 1947, and to make the following observations thereon :

At the outset, I am to point out that the Bombay Industrial Relations Act provides for the formation of Joint Committees, if certain conditions are fulfilled. The question of formation of Joint Committees in mills was discussed at length by my Committee with the Hon'ble the Minister for Labour, at a conference on 6th March 1948, when my Committee agreed that, on receipt from the Hon'ble Minister of a list of cotton mills where the Rashtriya Mill Mazdoor Sangh claimed at least 15 per cent. membership, they would persuade the mills concerned to set up Joint Committees under the Bombay Industrial Relations Act. It is now presumed that, in establishments where Joint Committees under the Bombay Industrial Disputes Act are already in existence, Works Committees and like institutions having similar objects would not be set up. There is, so far as my Committee are aware, nothing in the Industrial Disputes Act which warrants this presumption, nevertheless, it will be admitted that a multiplicity of Committees is calculated not only to delay matters but also to defeat the very object underlying these Committees which might be taking conflicting decisions. Moreover, in a factory employing, say, 5,000 workers, there is a very wide field for selecting workers' representatives, in the sense that even if the industry had Joint Committees, Works Committees, Production Committees, etc., there will be no difficulty in finding somebody to represent labour on all these Committees, but the employer will be at a disadvantage, for he has to select his representatives from the limited number of officers at his disposal, and more than one Committee functioning, would mean that these officers, who are technicians, would have very little time to attend to their technical duties.

Turning now to the draft Rules, my Committee have to make the following observations.

Rule 35.—According to this rule, the employer is required to ask the union to inform him, in writing, about the membership of the union in the establishment, and its distribution among sections, shops or departments of the establishment. There is, however, no obligation placed upon the union to give this information. Furthermore, the employer would have no means of verifying the correctness of the information supplied by various unions regarding their membership figures.

Incidentally, the term "member" of a union has not been defined in the Act or Rules. It is suggested that the definition of this term, occurring in the Bombay Industrial Relations Act, should be adopted for this purpose, so as to include only those persons whose subscription to the union is not in arrears for more than three months.

Rules 36 and 37 propose to make the employer responsible for providing for the election of workers' representatives, etc. This is not the function of the employer, and it is submitted, the procedure referred to should be carried out by the Government Labour Officer or an official of Government with the assistance of the unions concerned. That apart, an employer, however impartial he may be, is likely to be misunderstood when giving a decision on the claims of two rival unions for representation, and should be kept out of the picture as far as possible.

* Not printed

Rule 38.—Any workman over 19 years of age, with service of not less than one year in the establishment, is eligible to stand for election. To be able properly to represent workers of any establishment, the candidate should have been in service for at least two consecutive years.

Rule 39.—According to this rule, all workmen other than casual employees, who are not less than 18 years of age, and who have served for more than six months in the establishment, are entitled to vote. It is felt that only permanent workers should be eligible to vote.

Rule 45.—According to this rule, the Chairman is to be nominated by the employer, whereas the Vice-Chairman is to be elected from among the workmen's representatives. In the absence of the Chairman, it is likely that the Vice-Chairman would be required to preside. It would be embarrassing, both to the worker concerned and to other members of the Committee, to conduct proceedings of the Committee with a worker in the chair. It is, therefore, suggested that both the Chairman and Vice-Chairman should be nominated from among the employers' representatives on the Committee

*Notification No. 575/46, dated 24th May 1948, issued by the Labour Department,
Government of Bombay*

In exercise of the powers conferred by section 38 of the Industrial Disputes Act, 1947 (XIV of 1947), the Government of Bombay is pleased to amend the Industrial Disputes (Bombay) Rules, 1947, as follows, namely :—

In the Industrial Disputes (Bombay) Rules, after Part III, the following new Part III-A shall be inserted, namely :—

" PART III-A.

Works Committees.

25-A. In respect of the constitution and functions of and the filling of vacancies in Works Committees, and the procedure to be followed by such Committees in the discharge of their duties, the rules applicable shall be the same as appear in Part V of the Industrial Disputes (Central) Rules, 1947.

25-B. Any breach of the rules which are made applicable by rule 25-A shall be punishable with fine not exceeding fifty rupees."

PART V OF THE INDUSTRIAL DISPUTES (CENTRAL) RULES, 1947.

Works Committees.

32. *Constitution.*—Any employer to whom an order made under sub-section (1) of section 3 relates shall forthwith proceed to constitute a Works Committee in the manner prescribed in this Part

33. *Number of members.*—The number of members constituting the Committee shall be fixed so as to afford representation to the various categories, groups and classes of workmen engaged in, and to the sections, shops or departments of, the establishment :

Provided that the total number of members shall not exceed twenty :

Provided further that the number of representatives of the workmen shall not be less than the number of representatives of the employer.

34. *Representatives of employer.*—Subject to the provisions of these rules, the representatives of the employer shall be nominated by the employer and shall as far as possible, be officials in direct touch with or associated with the working of the establishment.

35. *Consultation with trade unions.*—Where any workmen of an establishment are members of a registered trade union, the employer shall ask the union to inform him in writing—

- (a) how many of the workmen are members of the union ; and
- (b) how their membership is distributed among the sections, shops or departments of the establishment.

36. *Groups of workmen's representatives.*—On receipt of the information called for under rule 35, the employer shall provide for the election of workmen's representatives on the Committee in two groups—

- (1) those to be elected by the workmen of the establishment who are members of the union or unions, and
- (2) those to be elected by the workmen of the establishment who are not members of the union or unions,

bearing the same proportion to each other as the union members in the establishment bear to the non-members :

Provided that where more than half the workmen are members of a union, no such division shall be made.

37. *Electoral constituencies.*—Where under rule 36 the workmen's representatives are to be elected in two groups, the workmen entitled to vote shall be divided into two electoral constituencies, the one consisting of those who are members of a union and the other of those who are not :

Provided that the employer may, if he thinks fit, sub-divide the two electoral constituencies and direct that workmen shall vote in either by groups, sections, shops or departments.

38. *Qualifications of candidates for election.*—Any workman of not less than 19 years of age and with a service of not less than one year in the establishment may if nominated as provided in these rules, be a candidate for election as a representative of the workmen on the Committee :

Provided that the service qualification shall not apply to the first election in an establishment which has been in existence for less than a year.

39. *Qualifications for voters.*—All workmen, other than casual employees, who are not less than 18 years of age and who have put in not less than 6 months' service in the establishment shall be entitled to vote in the election of the representatives of workmen.

40. *Procedure for election.*—(1) The employer shall fix a date as the closing date for receiving nominations from candidates for election as workmen's representatives on the Committee.

(2) For holding the election, the employer shall also fix a date which shall not be earlier than three days and later than ten days after the closing date for receiving nominations.

(3) The dates so fixed shall be notified at least seven days in advance to the workmen and the union or unions concerned, such notice shall be affixed on the notice board or given adequate publicity amongst the workmen. The notice shall specify the number of seats to be elected by the groups, sections, shops or departments and the number to be elected by the members of the union or unions and by the non-members.

(4) A copy of such notice shall be sent to the union or unions concerned.

41. *Nomination of candidates for election.*—(1) Every nomination shall be made on a nomination paper in form 'H', copies of which shall be supplied by the employer to the workmen requiring them.

(2) Each nomination paper must be signed by the candidate to whom it relates and attested by at least two other voters belonging to the electoral constituency and shall be delivered to the employer.

42. *Scrutiny of nomination papers.*—(1) On the day following the last day fixed for filing the nomination papers, the nomination papers shall be scrutinized by the employer in the presence of the candidates and the attesting persons and those which are not valid shall be rejected.

(2) For the purpose of sub-rule (1), a nomination paper shall be held to be not valid if (a) the candidate nominated is ineligible for membership under rule 38 or (b) the requirements of rule 41 have not been complied with.

43. *Voting in election.*—(1) If the number of candidates who have been validly nominated is equal to the number of seats, the candidates shall be forthwith declared duly elected.

(2) If in any constituency the number of candidates is more than the number of seats allotted to it, voting shall take place on the day fixed for election.

(3) The election shall be held in such manner as may be convenient for each electoral constituency.

(4) The voting shall be conducted by the employer, and, if any of the workmen concerned belong to a union, by such of them as the union may nominate.

44. *Arrangements for election.*—The employer shall be responsible for all arrangements in connection with the election.

45. *Officers of the Committee.*—(1) The Committee shall elect office-bearers including one Chairman, one Vice-Chairman and two Joint Secretaries.

(2) The Chairman shall be nominated by the employer from amongst the employer's representatives on the Committee.

(3) The Vice-Chairman shall be elected by the Committee from amongst the workmen's representatives on the Committee.

(4) The two Joint Secretaries shall be elected by the Committee from among the representatives of the employer and of the workmen respectively.

46. *Term of office.*—(1) The term of office of a workmen's representative on the Committee other than a member chosen to fill a casual vacancy shall be two years.

(2) A member chosen to fill a casual vacancy shall hold office for the unexpired term of his predecessor.

47. *Vacancies.*—In the event of a workmen's representative ceasing to be employed in the establishment or in the event of his resigning the membership in the Committee, his successor shall be elected from the constituency to which the member vacating the seat belonged.

48. *Power to co-opt.*—The Committee shall have the right to co-opt in a consultative capacity persons employed in the establishment having a particular or special knowledge of a matter under discussion. Such co-opted members shall not be entitled to vote and shall be present at meetings only for the period during which the particular question is before the Committee.

49. *Number of meetings.*—The Committee may meet as often as necessary but not less often than once a month.

50. *Facilities for meetings, etc.*—The employer shall provide accommodation for holding meetings of the Committee. He shall also provide all necessary facilities to the Committee and to the members thereof for carrying out the work of the Committee.

APPENDIX 35.

THE BOMBAY TRADE UNION (RECOGNITION) REGULATIONS, 1948.

Copy of letter No. 115, dated 11th May 1948, from the Association to the Registrar of Trade Unions for the Province of Bombay, Bombay.

I am directed to refer to the Labour Department notification No. 610/46, dated the 1st April 1948, appearing in the *Bombay Government Gazette*, Part IV-A, dated the 8th April 1948, in connection with the draft Bombay Trade Unions (Recognition) Regulations, 1948, and to convey to you my Committee's views on certain provisions contained in those Regulations.

According to Regulation 16, the Labour Court may accept, admit or call for any evidence at any stage and in any manner as it thinks fit. My Committee feel that the Court should not be vested with arbitrary powers in the matter of accepting, admitting or calling for any evidence, but should be required to follow, as far as possible, the procedure laid down by the Indian Evidence Act.

Copy of Notification No. 610/46, dated 14th July 1948, issued by the Labour Department, Government of Bombay.

In exercise of the powers conferred by section 29 of the Indian Trade Unions Act, 1926 (XVI of 1926), the Government of Bombay is pleased to make the following additional regulations for the purpose of carrying into effect the provisions of Chapter IIIA of the said Act, namely :

BOMBAY TRADE UNIONS (RECOGNITION) REGULATIONS, 1948.

General.

1. *Short title and extent.*—(1) These regulations may be called the Bombay Trade Unions (Recognition) Regulations, 1948.

(2) They shall extend to every trade union whose objects are confined to the Province of Bombay, provided that such union does not consist of workmen employed by the Central Government, or by a Federal Railway or in a major port, mine or oil field.

2. *Definitions.*—In these regulations, unless there is anything repugnant in the subject or context,—

- (a) " the Act " means the Indian Trade Unions Act, 1926 ;
- (b) " Court " means a Labour Court appointed under sub-section (1) of section 28B of the Act ;
- (c) " Form " means a form appended to these regulations ;
- (d) " Judge " means a Judge appointed to preside over a Court ;
- (e) " Schedule " means the schedule appended to these regulations ;
- (f) " Section " means a section of the Act.

Procedure for Labour Courts.

3. (1) Any application under section 28E, 28G or 28H may be sent to the Court by registered post or be presented to the Court or to the Court-clerk authorised by the Judge in this behalf and shall be made in duplicate.

(2) The application under section 28E for grant of recognition shall be in Form "A"; the application under section 28H for grant of fresh recognition in Form "AA" and the application under section 28G for withdrawal of recognition in Form "B".

4. If it appears to the Court on receiving any such application that it should be presented to another Court, the Judge shall return it to the applicant after endorsing upon it the date of the presentation and return, the reasons for returning it and the Court to which it should be presented.

5. If an application is not in order by reason of any formal defect therein the Judge may return it to the applicant for remedying the defect within a specified time.

6. If the Judge thinks that an application may be fixed for preliminary hearing, he shall cause notice in Form "C" to be served on the applicant directing him to appear before him at the time and place mentioned therein to show cause why the application may not be summarily dismissed.

7. If any of the parties applies for determining certain preliminary issues, the Judge may proceed to determine such issues after issuing notice to the opposite party.

8. If an application is not summarily dismissed, the Judge shall cause notice in Form "D" to be given to the opponent directing him to file a written statement within a specified time.

9. After all the statements required to be filed by the parties are received or after the expiry of the date for filing the statements, the Judge shall give notice in Form "E" to the parties to appear before him at such time and place as may be mentioned therein.

10. (1) In any proceeding before the Court, parties may appear in person or through any other person or by a duly authorised counsel, attorney, advocate, pleader or a representative, as the case may be.

(2) Every person except a counsel authorised to appear shall file a memorandum of appearance in Form "F" signed by the person authorising him.

11. Whenever the Court, either of its own motion or on the application of any party, thinks it necessary to examine any witness, it shall issue a summons in Form "G" to the witness. When the witness summons is issued on the application of any party the process fee prescribed in the Schedule shall be charged.

12. Every summons, notice, warrant or other process and every order or certified copy of any document shall be signed by the Judge with the date of signing and shall be sealed with the official seal of the Court.

13. The service of every summons, notice, warrant or order shall be effected by hand delivery or through registered post as may be expedient or as provided in Order V in the First Schedule to the Code of Civil Procedure, 1908.

14. When any fact is to be proved by an affidavit, it shall (1) be drawn in Form "H", (2) be stamped as prescribed in the Schedule, and (3) be sworn or affirmed in the presence of the Judge or the Court-clerk who may be authorised in writing by the Judge in this behalf.

15. Each witness shall give his evidence on oath or solemn affirmation, as the case may be, and shall give the following particulars viz., (1) his name, (2) age, (3) occupation, (4) place of residence, and (5) religion, if any.

16. The Court may accept, admit or call for any evidence at any stage and in any manner as it thinks fit.

17. The Judge or any other person authorised in writing by him in this behalf may at any time during the pendency of an application enter any building, factory, workshop or other premises whatsoever and inspect any records therein or interrogate any person therein in respect of any matter relating to the subject matter of the application.

18. The Judge shall send a certified copy of an order made by him to the parties concerned, to the Provincial Government and to the Registrar. Any additional copy required by the parties shall be supplied at the cost prescribed for certified copies of documents in the Schedule. Certified copies of any documents may also be supplied at the cost prescribed in the Schedule.

19. The Court may correct in any order any clerical mistake or error arising from an accidental slip or omission.

Miscellaneous.

20. (1) On receipt of a memorandum of agreement under section 28C (1) regarding the recognition of a trade union, the Registrar shall record the memorandum in the register maintained in Form " I " and intimate the date of recording it to the parties concerned.

(2) The Registrar shall also record the order made by the Court under section 28E (5) in the register maintained in Form " J ".

21. (1) The application for revocation of an agreement granting recognition to a trade union under section 28C (2) shall be in Form " K ". A copy of such application shall be sent by the party making the application to the other party to the agreement. On receipt of such application, the Registrar shall cancel the memorandum of agreement and relevant entries in the register in Form " I " under his signature with the date of signing and send an intimation to that effect to the parties concerned.

(2) The Registrar shall also cancel the entries in the register in Form " J " on receipt of an order made by the Court withdrawing recognition of a union under section 28G (3).

22. The notice under section 28E (4) shall be in Form " E ".

23. For the purpose of section 28E (4), the proportion, which the number of the workmen referred to in clause (b) of section 28D who are members of the trade union and are not in arrears of their subscription for any period exceeding three months, shall bear to the total number of such workmen shall be 15 per cent.

24. The notice referred to in section 28G (2) shall be in Form " L ".

25. Every recognised trade union shall on or before the 20th day of every month forward by registered letter or present in person to the Registrar a return in Form " M " giving the required information for the previous month.

Note :—The forms referred to in the notification are not printed.

APPENDIX 36.

THE BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939.

EXEMPTION OF MILL CLERKS.

Copy of letter No. 204, dated 7th October 1946, from the Association to the Chief Secretary to the Government of Bombay, Political and Services Department, Bombay.

I am directed to acknowledge the receipt of your letter No. 4249/341/9890-E, dated the 22nd/27th August 1946, and to observe as follows :—

At the outset, my Committee desire to point out that the difficulty created by differences in the provisions of the Factories Act and the Bombay Shops and Establishments

Act was appreciated by Government when this point was raised by the Association in 1940 and the exemption was given in the first instance for a period of six months from 30th January 1941, and was subsequently extended for the duration of the war. The exemption given was of a temporary nature as it was thought that the necessary change in the Act with a view to removing the difficulties could be made at the time of the next amendment of the Act. My Committee understand that the question of amending the Act is being examined by Mr. R. R. Bakhle, Special Officer appointed for the purpose, and their suggestions in this matter are being forwarded to Mr. Bakhle, but in the meantime, they desire to point out the difficulties which rendered it necessary to exempt certain clerical staff attached to mills from the provisions of this Act, still exist.

My Committee regret that the exemption suggested in paragraph 3 of Government's letter, by itself, would not meet the needs of the case. I am, in this connection, desired to draw attention to sections 11 and 12 of the Bombay Shops and Establishments Act. Section 11, *inter alia*, states that no person employed in any commercial establishment shall be required or allowed to work in such establishment for more than two hundred and eight hours in a month. There is a proviso which permits this limit being exceeded on certain occasions, on the understanding that the total number of hours for which a person is allowed to work in excess of the maximum number of hours prescribed for every month does not exceed 120 in any calendar year. This section allows, therefore, an overtime of only 10 hours a month. It would be very difficult to comply with this limit, especially in the first few days of the month when the timekeeping and the pay-roll staff would have to get their pay-rolls prepared and checked before pay day. It is true that those who put in extra time are given time-off after pay day, and the total number of hours or days put in by them in the month as a whole, do not exceed the number of hours or days put in by other employees of the factory. The point, therefore, is that it would be very difficult in several concerns to comply with the 10-hour limit for purposes of overtime, and an exemption is, therefore, requested from the provisions of this section.

I am now desired to draw your attention to section 12 of the Shops and Establishments Act which relates to spreadover of periods of work. There are certain employees who, it is reported, put in three or four hours' work at a stretch, and then leave the mill, returning only in the evening for the distribution of tickets and the marking of the attendance registers. The actual number of hours worked by them may not exceed 8, but their employment would be in contravention of the provisions of section 12 of the Bombay Shops and Establishments Act.

Turning now to section 13 of the Bombay Shops and Establishments Act, Government enquire whether the Association is willing to give an undertaking that the employees concerned would be treated as factory workers in respect of holidays. Such an undertaking could be given, but it must be pointed out that, in the first few days of the month, it would not be possible for mills to give even a weekly holiday to the timekeeping and pay clerks. These employees would, after pay day, be given time-off, to compensate the holidays lost and the extra time put in by them, but, *taking the month as a whole*, they would have worked for no more days or hours than the regular mill operatives. Bearing these considerations in mind, I am desired to suggest that the exemptions be continued as at present, on the understanding that the employees exempted would be, for all practical purposes, given the same number of holidays and hours of work as regular mill operatives under the Factories Act. As regards overtime, the amount may be determined by taking the number of working days in the month multiplied by 8, overtime being calculated as laid down in the Bombay Shops and Establishments Act if the number of hours exceeded 208.

A list of categories of clerical employees covered in the previous notifications and in respect of which a continuation of the exemption is requested, is enclosed herewith for ready reference.

P.S.—With reference to the last paragraph of your letter, I am to confirm that the Lokamanya Mills, Barsi, Ltd., the Jayashankar Mills, Barsi, Ltd., and the Barsi Spinning and Weaving Mills, Ltd., are members of the Association.

Categories of Clerical employees in respect of which exemption is required.

1. Work done by mixing and blow room clerks. 2. Work done by waste clerks and waste plant clerks. 3. Work done by card room and wrapping clerks. 4. Work done by spinning clerks. 5. Work done by reeling and bundling clerks. 6. Work done by winding clerks. 7. Work done by warping, sizing and beaming clerks. 8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks. 9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants. 10. Work done by storekeepers and store issue clerks. 11. Work done by yarn and cloth baling clerks. 12. Work done by timekeeping staff including ticket boys and ticket clerks. 13. Work done by costing and statistical clerks. 14. Work done by bleaching, dyeing, printing and finishing departmental clerks. 15. Clerical and other staff employed in the canteens and grain shops.

Copy of letter No. 4249/34-C, dated 12th August 1948, from the Secretary to the Government of Bombay, Labour Department, to the Association.

Subject —BOMBAY SHOPS AND ESTABLISHMENTS ACT, 1939—EXEMPTION FROM THE OPERATION OF THE.

With reference to the correspondence ending with your letter No. 204, dated the 27th July 1948,* on the above subject, I am directed to enclose for the information of your Association, a copy of Government notification, Labour Department, No. 4249/34, dated the 11th August 1948, exempting certain categories of the clerical staff belonging to the member mills of your Association from the operation of the Bombay Shops and Establishments Act, 1939, for a period of one year with effect from Sunday the 15th August 1948.

2. I am to point out that the exemption is granted subject to the express condition that the clerical staff in the mills will be provided with all the benefits under the Factories Act, 1934, including those relating to overtime pay.

Notification No. 4249/34, dated 11th August 1948, issued by the Labour Department, Government of Bombay.

In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (XXIV of 1939), the Government of Bombay is pleased to exempt the clerical staff belonging to the categories mentioned in the Schedule appended hereto and employed in the member mills of the Millowners' Association, Bombay, and Millowners' Association, Ahmedabad, from the operation of the said Act for a period of one year from the fifteenth day of August 1948.

SCHEDULE.

Clerks employed in connection with any of the following kinds of work :—

1. Work done by mixing and blow room clerks. 2. Work done by waste clerks and waste plant clerks. 3. Work done by card room and wrapping clerks. 4. Work done by spinning clerks. 5. Work done by reeling and bundling clerks. 6. Work done by winding clerks. 7. Work done by warping, sizing and beaming clerks. 8. Work done by weaving clerks including weft clerks, piecework clerks and folding clerks. 9. Work done by cotton, wool and artificial silk, yarn and cloth godown clerks and assistants. 10. Work done by storekeepers and store issue clerks. 11. Work done by yarn and cloth baling clerks. 12. Work done by timekeeping staff including ticket boys and ticket clerks. 13. Work done by costing and statistical clerks. 14. Work done by bleaching, dyeing, printing and finishing departmental clerks. 15. Clerical and other staff employed in the canteens and grain shops.

Circular No. 204, dated 23rd August 1948, from the Association to all Member Mills in Bombay Province.

In view of the difficulties experienced by member mills in the application of the Bombay Shops and Establishments Act to clerks employed in textile mills, the Association had taken

* Not printed.

up with the Government of Bombay, the question of exempting clerks employed in mills from the operation of the said Act.

I enclose for your information, copy of a letter and enclosure received from Government. You will note that the exemption has been granted on the express understanding given to Government by the Association that the clerical staff employed in mills will be given all the benefits under the Factories Act. It would, therefore, be essential for you to ensure that all the benefits of Chapter IV of the Factories Act relating to weekly hours, holidays, compensatory holidays, spread-over, overtime, etc., are extended to the categories of clerks mentioned in the enclosure. The overtime should be strictly calculated according to the Factories Act and extra payments made for overtime at double the ordinary rate of pay, as in the case of workers.

I shall be grateful if you will kindly write a line to say that you will strictly abide by the undertaking laid down in the preceding paragraph.

Circular No. 204, dated 26th October 1948, from the Association to all Member Mills in Bombay Province.

Subject :—BOMBAY SHOPS AND ESTABLISHMENTS ACT.

Would you kindly refer to this office circular No. 204, dated 23rd August 1948, on the above subject. As the Government of Bombay had exempted from the operation of the Bombay Shops and Establishments Act only certain specified categories of clerks, the Association made a representation to Government inviting their attention to the difficulty experienced by mills in applying to the remaining categories of clerks the provisions of the said Act.

I reproduce below for your information a fresh notification issued by Government in supersession of their previous notification. Mills would, of course, ensure that all the benefits of Chapter IV of the Factories Act relating to weekly hours, holidays, compensatory holidays, spread-over, overtime, etc., are extended to clerks employed in the mills.

Notification No. 4249/34, dated 17th October 1948, issued by the Labour Department, Government of Bombay.

In exercise of the powers conferred by clause (k) of sub-section (1) of section 4 of the Bombay Shops and Establishments Act, 1939 (XXIV of 1939) and in supersession of Government Notification, Labour Department, No. 4249/34, dated the 11th August 1948, the Government of Bombay is pleased to exempt the clerical staff employed in the member mills of the Millowners' Association, Bombay, and Millowners' Association, Ahmedabad, from the operation of the said Act for a period up to the fifteenth day of August, 1949.

APPENDIX 37.

COTTON TEXTILES FUND.

ESTABLISHMENT OF TEXTILE RESEARCH INSTITUTES.

Copy of letter No. 6/1-T(2)/48, dated 1st June 1948, from the Joint Secretary to the Government of India, Ministry of Industry and Supply, to the Association.

I am directed to state that the Government of India desire to convene a conference with a view to deciding on the best means of promoting textile research in the country.

2. At present there are schemes for establishing two institutes for textile research, one at Bombay and a second one at Ahmedabad. The Bombay scheme will be financed out

of the Cotton Textiles Fund administered by the Cotton Textiles Fund Committee constituted under the Cotton Textiles Fund Ordinance, 1943. The other institute is proposed to be set up by the Ahmedabad Textile Industries Research Association at Ahmedabad out of a fund to which the Ahmedabad Millowners' Association have donated Rs. 48 lakhs and the Government of India Rs. 19 lakhs. In addition, the Southern India Millowners' Association, Coimbatore, have requested that a similar Institute should be set up at Coimbatore to which they would contribute at least Rs. 20 lakhs should the Government of India agree to contribute a sum of another Rs. 20 lakhs.

3. It is the present view of the Government of India that these various institutes should not be run independently of each other since this would lead to unco-ordinated effort and duplication. Besides, the two schemes already under way have revealed that there is a grave dearth of technical talent and that consequently it may not be in the interest of the country to have a number of units of research functioning without reference to each other at various centres. The advantage of co-ordination of effort and of unified control over textile research all over the country needs no emphasis in the circumstances. It also would be in the national interest to have one central research foundation to regulate the general policy to be followed in textile research, with a number of regional units to execute this policy at suitable centres like Bombay, Ahmedabad, Coimbatore and a centre to be selected in North Western India. These regional bodies will, of course, have a very large measure of autonomy while following in the main the general policy laid down for the whole of India.

4. The textile industry should in the view of the Government of India contribute towards the establishment of these Research Institutes. As stated earlier, the Ahmedabad Millowners' Association have already raised funds for the establishment of an Institute at Ahmedabad and an offer of funds has been made by the Southern India Millowners' Association. The Government of India are of the view that the textile industry in other parts of the country should also make substantial contributions towards the capital and recurring expenses of the institutes which may be set up in their areas.

5. To discuss these questions, the Government of India propose to convene a conference on or about 22nd June. To secure material and a basis for discussion for this conference they would be glad to have your views in advance. The date and venue of the conference will be intimated to you by telegram shortly.

Copy of letter No. 200-A, dated 8th July 1948, from the Association to the Joint Secretary to the Government of India, Ministry of Industry and Supply, New Delhi.

I am directed to acknowledge the receipt of your letter No. 6/1-T(2)/48, dated the 1st June 1948, wherein you have requested the Committee of the Association to communicate to you their views on certain proposals regarding the establishment of institutes for textile research.

My Committee note that the Research Institute to be established at Bombay will be financed from out of the Cotton Textiles Fund. It is an undisputable fact that by far the largest portion of the cotton textiles exported out of India is the produce of Bombay mills, and it can justifiably be claimed that the Cotton Textiles Fund has mostly been contributed by Bombay mills. Apart, therefore, from the pre-eminence of Bombay as the most suitable centre, it is only just and fair that the institute to be financed from the Cotton Textiles Fund should be located in Bombay. This fact had already been recognised by the Cotton Textiles Fund Committee, and my Committee are in complete agreement with Government in their decision to finance the Bombay Institute from the Cotton Textiles Fund.

Government state in their letter under reference that the textile industry of the area concerned should make substantial contributions towards the capital and recurring expenses of the institute which might be set up in that area. As already pointed out, since the Cotton Textiles Fund itself has been mostly contributed by Bombay mills, my Committee feel that Bombay mills ought not to be called upon to make any further contributions to finance the proposed institute in Bombay. If, however, after the establishment of the institute, it

is found that the Cotton Textiles Fund needs to be augmented for a proper functioning of the Institute, my Committee would be glad to consider this matter at the proper time.

Para 3 of Government's letter of the 1st June refers to the advisability of co-ordinating research work done in various institutes, and suggests, with this end in view, the formation of one central research foundation for regulating the general policy to be followed in the various centres with regard to textile research. My Committee are entirely in agreement with this suggestion, and they feel that Bombay would provide the most suitable centre for this purpose for the following reasons : (a) A bulk of research work will be carried out in Bombay through the proposed institute under the Cotton Textiles Fund ; and through the Department of Chemical Technology of the University of Bombay, the Victoria Jubilee Technical Institute, and the Technological Laboratory of the Indian Central Cotton Committee, the latter three institutions having already carried out extensive research work in the field ; (b) the pre-eminent position of Bombay as the centre of cotton textile industry and its easy accessibility from all other important centres of this industry , (c) other facilities provided by Bombay due to the existence side by side of a large number of engineering works and other industries allied to the cotton textile industry, and (d) the proposed establishment in Bombay of India's largest textile machinery manufacturing plant.

Incidentally, my Committee would like to invite Government's attention to a representation made by the Victoria Jubilee Technical Institute to the Cotton Textiles Fund for a contribution to that institution from the Fund. The Institute has established a Degree Course in Textile Manufactures, and due to the existence of electrical and mechanical courses side by side, it is very well suited to foster research work in cotton textiles as a post-graduate activity for students graduating in their textile course. My Committee are reinforced in this belief by the amount of useful research work in the field done by this institution even prior to the establishment of the Degree Course. My Committee would, therefore, be glad if Government would make a substantial grant to that institution from out of the Cotton Textiles Fund.

My Committee have nominated Mr. Neville N. Wadia as the Association's representative to attend the conference proposed to be held towards the middle of this month for discussing these issues. I am to suggest that it would be very convenient if this meeting were held, at about the same time as the forthcoming meeting of the Cotton Textiles Advisory Board.

Copy of letter No. 6/1-T(2)/48, dated 31st August 1948, from the Assistant Secretary to the Government of India, Ministry of Industry and Supply, to the Association.

I am directed to forward herewith a copy of the minutes of the conference held on the 20th August, 1948 in connection with the establishment of Textile Research Institutes.

Minutes of the Conference held in connection with the establishment of Textile Research Institutes on the 20th August 1948

PRESENT.

Hon'ble Dr. Syama Prasad Mookherjee, H.M. (Chairman).

Mr. S. A. Venkataraman, C.I.E., I.C.S., Secretary, I. & S. Ministry.

Mr. A. K. Roy, Joint Secretary, Finance (I. & C.)

Mr. S. A. Teckchandani, Assistant Secretary.

} Department.

Mr. Kasturbhai Lalbhai, representing Ahmedabad Institute

Sir Shri Ram, representing Cotton Textiles Fund Committee.

Mr. A. Ramalingam Chettiar, representing Southern India Millowners' Association.

Representatives of the Upper India Chamber of Commerce, Kanpur ; Bengal Millowners' Association, Calcutta ; Bombay Millowners' Association, Bombay, and the Millowners' Association, Indore, who were invited, did not attend.

After preliminary remarks by the Chairman, the question was raised by Sir Shri Ram that the Cotton Textiles Fund which had been collected under the Cotton Textiles Fund Ordinance, 1944, should be handed over to the Cotton Textiles Fund Committee. The Chairman explained at length with reference to the terms of the Ordinance that the Fund belonged to Government, and that the Cotton Textiles Fund Committee established under the Ordinance was only an administering body. This was agreed to.

2. The question was also raised whether interest should accrue to the balances in the Fund. The Chairman promised to look into this matter.

3. The discussions then centred on the question of how Textile Research Institutes should be established. There was unanimity of opinion that there should be one central Institute around which three other institutes at Ahmedabad, Bombay and Coimbatore should work. The following decisions were reached :—

(1) that there should be one Central Statutory body. A body somewhat on the lines of the present Cotton Textiles Fund Committee should take up the functions of that body. One of the present functions of that Committee is also to establish a research institute at Bombay. The new statutory body should as such be divested of this function and should confine itself to directing and co-ordinating the efforts of the three Institutes working under it together with a unified control over textile research. The Bombay Institute should be under a separate committee of management on the same lines as the other Institutes.

(2) Under the Central Statutory body there should be the Regional Institutes which, for the present, should be one at Bombay, the second at Ahmedabad and the third at Coimbatore. The institutes will execute the policy laid down by the Central body. These Regional Institutes will, of course, have a large measure of autonomy while following in the main the general policy laid down by the Central Statutory Committee for the whole of India. The Regional Institutes will be controlled by autonomous councils of management.

4. The Regional Institutes will have two sources of income :—

- (a) Contribution by the Government of India from the Cotton Textiles Fund ; and
- (b) collection by Regional Institutes by a levy of cess, which would if necessary be statutorily provided, on the basis of the number of looms or spindles or both working in the area of that Institute.

5. The Cotton Textiles Fund Committee should be informed of these decisions.

APPENDIX 38.

REVISION OF IMPORT DUTY ON NICKEL AND NICKEL ALLOYS.

Copy of letter No. 443, dated 30th December 1948, from the Association to the Secretary to the Government of India, Ministry of Commerce, New Delhi.

I am directed to refer to Act No. LXVII of 1948, an Act to amend the Indian Tariff Act, 1934. Sub-clause 2 (m) of the Act, which amends item 65 of the First Schedule to the Tariff Act, removes the duty which was previously imposed on nickel, but converts the old "revenue" duty on non-ferrous nickel alloys into a "protective duty." Apparently, the change has been made in pursuance of the recommendations made by the appropriate Tariff Board, but in imposing a protective duty of 30 per cent. on all non-ferrous nickel alloys, Government seem to have overlooked that high nickel-content alloys are not at present being produced in India, and, therefore, the removal of the duty on such alloys is not calculated to hurt any Indian industry. There is the question of distinguishing from the high nickel-content alloy (which is not produced locally and which must therefore continue to be

imported) from the other non-ferrous alloys where the nickel-content is comparatively low (and which may be produced in India), and the following definition is suggested to overcome this difficulty for the consideration of Government :-

" 65(a)	All non-ferrous nickel alloys in all forms containing up to and including 40 per cent. nickel.	Protective 30 per cent. <i>ad valorem</i> .
65(b)	All non-ferrous nickel alloys in all forms containing over 40 per cent nickel.	Free."

If Government agree with the suggestions made in this representation, then I am to submit that the law may be amended at a very early date.

APPENDIX 39.

INDIAN PATENTS AND DESIGNS ACT.

APPOINTMENT OF PATENTS ENQUIRY COMMITTEE.

Copy of letter No. PEC.8(4)/48, dated 24th December 1948, from the Member-Secretary, Patents Enquiry Committee, Ministry of Industry and Supply, Government of India, to the Association.

I enclose herewith copies of—

- (1) *Gazette* Notification announcing the appointment of the Patents Enquiry Committee to examine the working of the Patent System in India, and to make recommendations for its improvement
- (2) A copy of the general questionnaire* prepared by the Committee dealing with the questions arising from the terms of reference to the Committee.

2. The Patent System has been the backbone of all modern industrial enterprise in industrially advanced countries. It is considered, however, that it has not been used in this country to the same extent as it has been used in other countries. In view of the large public interests involved, the Committee would welcome your views and suggestions on any of the questions arising from their terms of reference.

3. I would add that I propose to visit Bombay during the second week of February 1949, and during my visit I shall be glad to have informal discussions with you or your representatives in connection with the Indian Patent System generally and/or in connection with the questionnaire issued by the Committee.

I shall be grateful for an acknowledgement of this letter.

Resolution No. 223-IRF (6)/48, dated New Delhi, 1st October 1948.

There has been a demand both from industrialists and from others for a review of the laws relating to patents in India with a view to ensuring that the patent system is more conducive to national interests than at present. In his opening speech at the Conference on Industrial Development in India on 15th December, 1947, the Honourable Minister, Industry and Supply, announced that the Government of India would consider this question. After a careful examination of the position, the Government of India have now decided to set up a Committee to review the Patent Laws in India.

* Not printed.

2. The terms of reference to the Committee are as follows :—

- (1) to survey and report on the working of the Patent System in India ;
- (2) to examine the existing patent legislation in India and to make recommendations for improving it, particularly with reference to the provisions concerned with the prevention of abuse of patent rights ;
- (3) to consider whether any special restrictions should be imposed on patents regarding food and medicine ;
- (4) to suggest steps for ensuring effective publicity to the patent system and to patent literature, particularly as regards patents obtained by Indian inventors ;
- (5) to consider the necessity and feasibility of setting up a National Patents Trust ;
- (6) to consider the desirability or otherwise of regulating the profession of patent agents ;
- (7) to examine the working of the Patent Office and the services rendered by it to the public and make suitable recommendations for improvement ; and
- (8) to report generally on any improvement that the Committee thinks fit to recommend for enabling the Indian Patent System to be more conducive to national interest, by encouraging invention and the commercial development and use of inventions.

3. The composition of the Committee will be as follows :—

1. Bakhshi Sir Tek Chand, Retired High Court Judge and Member,
Constituent Assembly of India *Chairman.*
2. Sir Gurunath Bewoor, Tata Industries Ltd., New Delhi
3. Major-General S. S. Sokhey, Director, Haffkine Institute, Bombay
4. Mr. S. M. Basu, Solicitor, Calcutta
5. Mr. N. Barwell, Barrister, Calcutta } *Members.*
6. Mr. S. P. Sen, Bengal Chemical and Pharmaceutical Works, Ltd.,
Calcutta
7. Dewan Bahadur K. Rama Pai *Member Secretary.*

4. The headquarters of the Committee will be New Delhi. It is expected that the Committee will start its work at an early date. The Committee will visit such places in India as it may consider necessary and will take evidence on questions arising from the terms of reference. The Committee will prepare and notify its programme in due course. The Committee is authorised to call for information in writing and take evidence from any department or officers of Government on matters which fall within the terms of reference. The Government of India hope that the Provincial Governments will afford to the Committee all the assistance which it may require and will supply it with any information which it may ask for.

5. Persons who desire to be called as witnesses are requested to apply in writing to the Secretary of the Committee, care of the Ministry of Industry and Supply, Government of India, New Delhi, giving their full names and addresses, together with a brief memorandum of points in regard to which they desire to give evidence.

Copy of letter No. 367, dated 25th January 1949, from the Association to the Member Secretary, Patents Enquiry Committee, New Delhi.

I am directed to acknowledge the receipt of your letter No. PEC-8(4)/48, dated the 24th December 1948, in which you request my Committee's views on certain matters referred to your Committee in connection with the Law of Patents and Designs and its working in this country. The Association has no observations to make in connection with Patents, and this note, therefore, deals mostly with Designs.

2. My Committee desire to place before you two important suggestions in connection with designs, and they are :—

- (a) that the registration of designs should be made the subject of a separate self contained legislation;

- (b) the administration of the law relating to designs should be entrusted to the Registrar of Trade Marks with headquarters in Bombay.

That the law relating to designs is different from that of patents is conceded even in the present statute where we have a separate chapter altogether to cover designs.

The justification for the transfer of the Designs Register to Bombay lies in the fact that most of the designs come for registration from the western part of India, and secondly, the majority of the designs are textile designs. Bombay Province contains, by far, the majority of the mills in India, and the City of Bombay is, therefore, the ideal place for the location of the Designs Register. Perhaps, a few statistics may be quoted here.

In 1936, the total number of applications for designs was 1,401, out of which 1,123 were for textile designs. In 1935, the total number of applications for designs was 1,419 of which 1,136 were textile designs. In 1937, the total number of applications was 1,302 out of which 1,040 applications were for textile designs. At page 13 of the Patent Office Report for 1937, it is stated that the principal contribution to the Indian applications relating to textile designs came from Bombay, which accounted for 604 such applications. In 1938, there were 1,219 applications, out of which 973 were for textile designs. Here, again, at page 9 of the report, it is stated that the principal contribution to Indian applications relating to textile designs came from Bombay, which accounted for 471 applications. In 1939, the total number of applications was 1,551, out of which 1,225 were for the registration of textile designs. The principal contribution again came from Bombay, as will be seen from page 9 of the report. In 1940, the total number of applications was 1,017 of which 874 applications were for the registration of textile designs. At pages 5 and 6 it is stated that the principal contribution was from Bombay. In 1941, the total number of applications was 817, and the total number of applications for textile designs was 627. Out of these 408 came from Bombay.

Taking the applications for registration of designs as a whole, the following facts are recorded in the reports: At page 13 of the Annual Report for 1937, it is stated that the number of applications which originated in India was 915, out of which Bombay accounted for 645 and Bengal 126. At page 9 of the report for 1938 it is stated that 927 applications originated in India, out of which Bombay accounted for 492 and Bengal 196. At page 9 of the report for 1939 it is stated that 1,238 applications originated in India, out of which Bombay contributed 658. It is stated that there was a decrease of applications from Bengal. It appears that only 170 applications were received from Bengal. (This appears at page 5 of the report for 1940.) At page 5 of the report for 1940 it is stated that 923 applications originated in India. Bombay accounted for 515 and Bengal for 154. At page 2 of the report for 1941 it is stated that 751 applications originated in India of which Bombay contributed 429 and Bengal 89. I need hardly state that what is meant by Bengal in the report is what is now West Bengal and East Bengal.

3. When amending and consolidating the law relating to designs, attention might be paid to the following points:

(i) Section 43 (1) of the Indian Patents and Designs Act lays down that "the Controller may, on the application of any person claiming to be the proprietor of any new or original design not previously published in British India, register the design under this Part." So far as my Committee are aware, there is nothing in the Act to encourage the hope that the Controller's Office are making any search to ensure that the design in respect of which the registration has been sought, is substantially a new one. My Committee submit that it should be incumbent upon the Registrar to make a search for each application to ensure that it is novel and original, and not likely to infringe on any other design in the register. Designs may be open for inspection two years after the date of registration.

(ii) The next point is that, at present, an appeal against the Controller's decision to reject an application for the registration of a design lies with the Governor General in Council. My Committee submit that an appeal should lie from the Registrar to the High Court and not the Governor General in Council.

(iii) Copyright in designs is primarily given for five years and renewable for two further periods of five years each. In the case of one of our members recently, who failed to

apply in time for the renewal of the copyright before the expiration of the first period of five years, the Controller stated that he had no discretion to enlarge the time-limit prescribed by the Act. In section 16 of the Patents and Designs Act, when dealing with patents, there is a provision for the restoration of lapsed patents, and it is now suggested that such provision should also be incorporated in the law dealing with designs.

(iv) Section XIX of your questionnaire deals with Patent Agents. My Committee would suggest that Agents for Patents and/or Designs be controlled in the same manner as they are controlled in the case of trade marks.

4. Oral evidence on behalf of the Association would be tendered by Mr. Neville Wadia, Deputy Chairman of the Association, and Mr. N. S. V. Aiyer, Secretary of the Association.

Copy of letter No. 367, dated 2nd February 1949, from the Association to the Member-Secretary, Patents Enquiry Committee, New Delhi

In continuation of my letter No. 367, dated the 25th January 1949, I beg to draw your attention to paragraph 273 of the Final Report of the Swan Committee in Great Britain in connection with Patents and Designs.

This is how the relevant paragraph reads :—

“273. Before dealing specifically with the various amendments that have been proposed for bringing the law regulating the registration of designs into closer accord with the requirements of the present time, we wish to endorse the view very generally held that the law relating to designs should be relegated to a separate Act, instead of being contained, as it is at present, in Acts primarily concerned with patents for inventions. Patents, trade marks and designs were combined in a single Act in 1883, presumably on the ground that they are all species of industrial property, conferring monopoly rights recorded by registration at the Patent Office. This composite form of legislation has obvious inconveniences, one being the complications which arise when amendments have to be made. Consequently, in 1905 the provisions concerning trade marks were separated out and embodied in an independent statute (now the Trade Marks Act, 1938). We are of opinion that similar reasons for separation apply in the case of designs. We accordingly recommend that, when next the Acts are amended, the provisions concerning designs should be removed and incorporated in a separate statute.”

I am desired to point out that the suggestion made by my Committee in paragraph 2 (a) of their letter dated the 25th January 1949 is fully borne out by the recommendations of the Swan Committee, but, at the time the Association's representation was written, we had no knowledge of the Swan Committee's recommendations.

It is suggested that as much notice as possible be given to the Association's representatives who have been appointed to tender oral evidence before your Committee.

APPENDIX 40.

THE INDIAN MERCHANDISE MARKS (AMENDMENT) ACT, 1941.

Notification No. 301 (1)-Tr.(M.M.)/48, dated 26th June 1948, issued by the Ministry of Commerce, Government of India.

In exercise of the powers conferred by sub-section (2) of section 1 of the Indian Merchandise Marks Amendment Act, 1941 (II of 1941), the Central Government is pleased to appoint the 1st day of November, 1948, as the date on which the said Act shall come into force.

APPENDIX 41.**COTTON YARN AND COTTON THREAD (MARKING) RULES.**

Notification No. 301 (6)-Tr.(M.M.)/43, dated 23rd October 1948, issued by the Ministry of Commerce, Government of India.

In exercise of the powers conferred by sub-section (1A) of section 20 of the Indian Merchandise Marks Act, 1889 (IV of 1889), read with section 22 of the General Clauses Act, 1897 (X of 1897), the Central Government is pleased to make the following rules, the same having been previously published as required by sub-section (6) of the said section 20, namely:

1. (1) These rules may be called the Cotton Yarn and Cotton Thread (Marking) Rules, 1948.

(2) They shall come into force on the 1st April 1949.

2. In these rules, unless there is anything repugnant in the subject or context, "the Act" means the Indian Merchandise Marks Act, 1889 (IV of 1889).

3. The marking of bundles of cotton yarn and units of cotton thread with the particulars required by sub-section (2) of section 12 of the Act, shall be made in accordance with these rules.

4. All markings shall be in the English language and English numerals shall be used.

5. The weight of yarn or thread in each bundle or unit shall ordinarily be indicated thereon in pounds or ounces in accordance with the avoirdupois system or in grammes according to the metric system, and the length of thread in each bundle or unit shall be indicated thereon in yards or metres.

6. The name of the manufacturer, or of the exporter, or of the wholesale purchaser in India shall be indicated in full or, provided that the said name is clearly and unambiguously indicated thereby, in an abbreviated form, on each bundle or unit.

7. (1) Each bundle of cotton yarn shall be marked with the required particulars by one or more inscribed wrappers, labels or cards applied, affixed, or stitched thereto, provided that all the required particulars shall be contained on one exposed surface.

(2) Units of cotton thread shall be marked with the required particulars :—

- (a) when made up in skeins, by an inscribed label applied round each skein or bundle of skeins or secured by twine thereto ;
- (b) when made up in balls, by an inscribed label attached to each bail, or inserted therein but remaining exposed ;
- (c) when wound on cards, wheels or stars, by inscription on the exposed portion of the card, wheel or star ;
- (d) when wound on reels, by one or two inscribed labels applied to the end or ends of the reel ;
- (e) when wound on paper tubes or cones by an inscribed label applied round or otherwise affixed to the thread or to the exposed portion of the outer surface of the tube or cone or, where the diameter of the tube or cone is sufficient for the label to be clearly exposed to view, to the inner surface of the tube or cone, or by inscription on the exposed portion of the outer surface of the tube or cone ;
- (f) when made up in any other form by an inscribed label or card applied, affixed or stitched to, or enclosed or inserted in such make-up.

(3) Labels or cards used in accordance with sub-rules (1) and (2) shall be so applied as not to be easily detachable or removable from a bundle of cotton yarn or from each unit of cotton thread in the ordinary course of handling before it reaches the normal consumer.

8. Where units of cotton thread are enclosed in a cover, the cover shall also be marked with the required particulars.

9. All markings shall be legible, distinct and in a colour not likely to be easily obliterated, which shall be different from the colour of the surface marked.

10. The counts of cotton yarn in a bundle shall be ordinarily expressed by adding the letter "S" after the numeral or numerals. Where, however, a bundle is packed on the metric system, the counts shall be accompanied by the words "metric counts" or by some other clear and definite indication conveying the fact.

11. Nothing in these rules shall be construed as prohibiting the indication in any manner of other particulars relating to the cotton yarn or cotton thread so long as the conspicuousness of the required particulars is not affected thereby.

12. All premises where the work is done by the members of one family with or without the assistance of not more than ten other employees, and all premises controlled by a co-operative society where not more than twenty workers are employed in the premises shall be exempted from the operation of sub-section (3) of section 12 of the Act and of these rules.

APPENDIX 42.

REGISTRATION OF TRADE MARKS.

RECIPROCITY BETWEEN INDIAN UNION AND PAKISTAN.

Copy of letter No. 214-A, dated 15th June 1948, from the Association to the Secretary to the Government of India, Ministry of Commerce, New Delhi.

I am directed by the Committee of the Association to refer to this office letter No. 214-A, dated 5th August 1947 (your reference No. O-1350-TR/47), wherein the Association had suggested to Government that it would be in the interest, both of India and Pakistan, to have some sort of reciprocal arrangements in the matter of registration of trade marks. Subsequently, it was brought to the attention of my Committee that, under an agreement arrived at between the Governments of India and Pakistan, the Registrar of Trade Marks, Bombay, and the Deputy Registrar of Trade Marks, Calcutta, continued to administer the Trade Marks Act in Pakistan territories on behalf of the Government of Pakistan, during the period 15th August 1947 to the 31st March 1948.

This arrangement has since terminated, and it is understood that a separate Trade Marks Registry for Pakistan has started functioning at Karachi with effect from 1st April 1948. This means that, with effect from that date, if a trade mark registered in India is to receive protection in Pakistan, it has to be re-registered in Pakistan, after paying fresh fees, submitting a fresh application to the Pakistan Trade Marks Registry and going through the prescribed procedure. On the other hand, a trade mark registered in Pakistan would have to follow the same procedure in India. It would be quite obvious that, in view of the economic interdependence of the two dominions, and the geographical situation, such an arrangement would be most inconvenient to all interests concerned.

It is understood in this connection that the Government of India had initiated talks with the Pakistan authorities, but for some reason or other, the matter has not been pursued. I am, therefore, desired to impress upon Government the necessity of a speedy settlement

of this issue, and to suggest that they might open talks with the Government of Pakistan with a view to arranging a conference of representatives of the two Governments at a very early date for arriving at some mutually satisfactory agreement. If Government succeed in arranging Inter-Dominion talks on this issue, my Committee would greatly appreciate it if, in view of the large stake of the textile industry in this matter, Government would also include in their delegation a representative of the Association.

A very early attention to this matter is requested.

APPENDIX 43.

INCOME-TAX AND BUSINESS PROFITS TAX (AMENDMENT) BILL, 1948.

Letter dated 10th January 1948, from the Secretary, Income-tax Investigation Commission, Ministry of Finance (Revenue Division), Government of India, to the Association.

One of the duties assigned to the Income-tax Investigation Commission is to report on the extent to which the existing law is adequate to prevent evasion of payment of income-tax. The Commission will in due course consult the public with regard to various suggestions designed to prevent such evasion. It has, however, been represented to the Commission that the existing law relating to the assessment of tax on escaped incomes directly helps evasion and causes loss of public revenue. The Commission, therefore, think it necessary to invite immediate attention to it so that the amendment necessary in this direction may be taken in hand urgently and, if possible, necessary legislation promoted during the ensuing session of the legislature. I am accordingly directed to enclose a copy of a preliminary memorandum prepared by the Commission and to state that before making its recommendations to the Government, the Commission will be glad to have your views on the points dealt with in paragraphs 8, 9 and 11 to 17 of the memorandum.

In view of the urgency of the matter, the Commission will be grateful for a reply timed to reach me not later than the 15th February 1948.

MEMORANDUM.

The narrow construction placed by the courts in India on section 34 of the Income-tax Act since its amendment in 1939 is calculated to encourage the tax dodger and to cause considerable loss of revenue to the State. The section in its practical working also gives rise to some questions on which it seems desirable to make the law more definite and effective.

2. Before 1939, section 34 authorised assessment or re-assessment proceedings in all cases in which income, profits or gains had "for any reason escaped assessment, etc." Some doubts and difficulties had been felt as to the precise implications of the word "escaped"; subject to this limitation, however, the power was very wide because of the generality of the opening words of the section. In the amended form (in force after 1939), section 34 confers the power "if in consequence of definite information which has come into his possession, the Income-tax officer discovers that income, profits or gains chargeable to income-tax have escaped assessment, etc.". The word "discovers" was taken from the corresponding provision in the English law. Its exact connotation cannot be said to have been established beyond doubt even in England. But the uncertainties arising from the retention of the word "escaped" and the introduction of the word "discover" have been overshadowed in practice by arguments as to the effect of the newly introduced opening words "in consequence of definite information which has come into his possession, the Income-tax Officer, etc."

3. In a case which came before the Bombay High Court in September 1943, the learned Judges (Beaumont, C.J., and Chagla, J.) held that the opening words must have been introduced presumably out of a desire "to curtail the powers of the Income-tax authpri."

ties." They were of the opinion that they could no longer follow the cases decided on the previous language of the section or even the English cases construing the word "discovers" in the corresponding English provision. The Chief Justice observed: "To my mind, the expression 'definite information' denotes that there must be some information as to a fact." Chagla J. amplified the view by stating that, "The information which must come into the possession of the Income-tax Officer must be information which was not in his possession at the time the old assessment was closed and came into his possession before the assessment was reopened under section 34. . . . Correcting a mistaken view of the law is not definite information which comes into the possession of the Income-tax Officer within the meaning of the section. . . . A mistake of law or misunderstanding of the provisions of the law is not covered by the language of the amended section. . . . The discovery contemplated by section 34 must be the result of information about some fact or facts which were not present to the mind of the Income-tax Officer when he made the assessment."

4. The above restrictive view of the power under section 34 was followed in a judgment pronounced by the Allahabad High Court in February 1945. Observing that the section as amended in 1939 was radically different from the section as it stood prior to that amendment, the learned Judges went on to hold that the amendment was designed to protect the subject against anything in the nature of an inquisition at the instance of the department founded on mere suspicion rather than on positive material. In a later case (decided in May 1946) in the same High Court, it was observed that the "mere fact that a discovery of under-assessment was made would not justify the Income-tax Officer in acting under section 34. . . . The present is a case where although it may be said that there was a discovery of under-assessment it could not be said that it was in consequence of something definite of which the Income-tax Officer had been informed that the under-assessment was discovered." Then follow observations which make the restriction on the Income-tax Officer's power much stricter. They said, "As we have stated above, if discovery is the result of a further investigation or a closer study of the facts and circumstances of the case, such discovery would not be in consequence of definite information within the meaning of the section. . . . It is worthy of note that by the amendment of 1939 the language of section 34 has been made more stringent and it would be only in a limited number of cases that action would be permissible under section 34."

5. It need hardly be stated that in this view of the law the Department's power to deal with escaped or under-assessed items of income is severely curtailed. The last mentioned decision was commented on in a later decision of the same Court where the learned Judges pointed out that the earlier judgment seemed to have proceeded on a misapprehension of the facts of the case and they qualified its effect to a certain extent by pointing out that section 34 would be satisfied if during the course of an enquiry for assessment of a particular year the Income-tax Officer came into possession of facts relating to a previous year leading him to the conclusion that some income had escaped assessment for the previous year. The rest of the statement of the law in the earlier Allahabad cases was allowed to stand.

6. Without multiplying instances, it may be stated that the view taken in most decisions as to the effect of the amendment made in 1939 is seriously prejudicial to the interests of the public revenue. It is open to question whether those responsible for the amendment intended or foresaw what has now been attributed to them. In the amending Bill all that was proposed was that for the words "for any reason" the words "the Income-tax Officer is of opinion that" should be substituted. This amendment was intended to remove the restrictive interpretation placed on section 34 by a judgment pronounced by the Calcutta High Court in February 1938. By that judgment, the Calcutta High Court laid down that before taking action under section 34, the Income-tax Officer should hold a kind of quasi-judicial enquiry, giving the assessee an opportunity of being heard; this decision was reversed on appeal by the Privy Council but by that time the amending Bill had become law. The Select Committee which considered the Bill did not suggest the substitution of the words "in consequence of information which has come into his possession the Income-tax Officer discovers that" for the words "for any reason"; nor does the English Act on which the amendment was modelled contain such words. But during the debates in the Council Sir James Grigg, in order to disclaim any intention on the part of Government to enable the Income-tax Officer to make "purely fishing enquiries with no basis at all", suggested the

substitution of these words. However, the interpretation placed upon these words by the High Courts has in practice led to results which perhaps were not contemplated by Sir James Grigg; there is a wide gulf between the discouragement of fishing enquiries and the kind of restriction which the observations above extracted from the pronouncements of the High Courts impose

7. Whether the member who then spoke on behalf of the Government intended or foresaw these consequences or not, it seems necessary to take steps to remedy the position if, as the courts have held, the section in its present form restricts the powers of the administration to the extent stated. It is possible to lay undue stress upon the finality of assessment proceedings once completed and the undesirability of permitting them to be reopened. The very existence of the power under section 34 which has its analogue in other known systems of income-tax law recognises that in the attempt to reconcile the interests of the taxpayer with the interests of the State and public revenue, it may be necessary to put limits upon the theory of finality. The only question, therefore, is what are the proper limits.

8. The honest taxpayer whose accounts are straight has little to fear. It is only the person who will not keep proper accounts or will not choose to produce them that can ordinarily be subjected to proceedings under section 34. There is little to be said in favour of such a person as against the claims of the State to recover what is legitimately due to it under the law. The mere initiation of proceedings under section 34 cannot even in such cases be deemed to be a great hardship except to the extent that the assessment proceedings are reopened. The assessee has still available to him all the safeguards and remedies by way of enquiry, appeal, etc., provided to every taxpayer. It is common experience, especially in cases where the accounts are not properly kept, that certain facts or aspects are realised more clearly when the accounts come under examination for a later year. If facts thus coming to light indicate that any items have escaped assessment or have been under-assessed in a previous year, the subject can have no reason to complain if such defects are rectified by proceedings under section 34. It is not always possible to say how much was present to the mind of the officer who examined the accounts in the previous year. The mere fact that the books were before him cannot always be taken to imply that nothing could have escaped his attention.

9. Even in cases where the non-assessment or under-assessment was due to a mistake in law, there appears to be no justification for depriving the State of its dues when the mistake is discovered. The sound principle would seem to be that indicated by the Privy Council as the true meaning of section 34 as it stood before the amendment, viz., "that the Income-tax Officer on the information which he has before him and in good faith considers that he has good ground for believing that the assessee's profits have for some reason escaped assessment or have been assessed at too low a rate." As pointed out in the latest Allahabad decision, it may not be open to the Income-tax Officer to *compel* the assessee to produce his books even for the purpose of reaching this tentative conclusion. But that is different from saying that the requisite information may not be derived from the assessee's books even when they are *voluntarily* produced before the officer in connection with assessment proceedings relating to a subsequent year.

10. The English Committee on the Codification of Income-tax Law recommended that for the word "discovers" in section 125 of the English Act it would be preferable to substitute the phrase "comes to the conclusion." The section would then run "If as respects any year of charge the Inspector comes to the conclusion that any income which ought to have been assessed, etc." This is substantially the same as the condition suggested by the Privy Council in the Calcutta case. The corresponding provision in the Australian Income-tax Assessment Act, 1936, makes the amendment of the assessment depend on whether or not the taxpayer has made to the Commissioner "a full and true disclosure of all the material facts necessary for his assessment and there has been an avoidance of taxation." This certainly affords no help to the taxpayer who keeps back his account books or conceals any information from the taxing authority. If he is guilty of non-disclosure or concealment, it comes with ill grace from him to call upon the Income-tax Officer to state how he discovered that there has been an under-assessment or omission to assess.

11. The question of the course to be followed where there has been no attempt at suppression or concealment but there nevertheless has been under-assessment or omission to assess by reason of oversight on the part of the Income-tax Officer or mistake of fact or even a mistake of law is one of greater difficulty. Few will maintain that a mere change of opinion on the same facts would justify the reopening of an assessment. But the position is not the same where there has obviously been a mistake, whether it be a mistake of fact or a mistake of law. There is hardly any place here for the application of the principle that everybody is presumed to know the law. On the other hand, it is a well-established principle that no public servant can prejudice the interests of the State by acting in contravention of law. If cases of mistake of fact or mistake of law cannot be remedied by proceedings under section 34, it may be necessary to consider whether it will not be proper to provide the Crown with a remedy by way of appeal against the decision of the Income-tax Officer in such cases ; or it may be necessary to revive the power which the Commissioner formerly had to set aside the Income-tax Officer's order on revision and direct him to make a proper assessment.

12. In cases in which the assessee is believed to have concealed the particulars of his income or deliberately furnished inaccurate particulars, the Income-tax Officer is given eight years from the end of the assessment year to serve a notice under section 34. Sub-section (2) of the section fixed a time-limit within which the assessment or reassessment should be made. Cases of concealment or submission of wrong particulars are here described by reference to clause (c) of section 28, sub-section (1). There is reason to apprehend that this *referential description* in sub-section (2) may give rise to difficulty. In construing section 28, certain courts have held that the original assessment proceeding and the subsequent reassessment proceeding are two different proceedings and that concealment or inaccurate information in the course of the first proceeding cannot be punished in the course of the second proceeding. If the reference to section 28 (1) (c) in sub-section (2) of section 34 is to be interpreted in the light of this construction of section 28, the sub-section may become unintelligible. The reference there is obviously to the concealment or furnishing of inaccurate particulars in the course of the original assessment proceeding. The language would, therefore, appear to require some modification to make this meaning clear.

13. The proviso to sub-section (2) removes the time-limit in cases where an assessment is made *in pursuance of* an order under section 31, section 33, section 66 or section 66A. The expression "in pursuance of" implies that the re-assessment is one made *to give effect* to the appellate order. It may, however, sometimes happen that as a consequence of an order of the appellate or revisional authority or of the High Court a person who had been originally assessed by the Income-tax Officer may be exonerated. The question will then arise whether proceedings should not be permitted to be taken against any other person who could have been assessed if the Income-tax Officer had not thought that the person who was subsequently exonerated was the person liable. The complicated provisions of the law certainly give much room for honest doubts and differences of opinion as to the person liable to be assessed or as to the manner in which a person is to be assessed. If the Income-tax Officer has proceeded on a view which is subsequently held by higher authority to be erroneous, there is no reason why that should be made a ground for the person really liable escaping assessment or for the assessment not being made in the proper manner. It would appear necessary to make some provision for such contingencies.

14. It may also happen that proceedings under section 34 are initiated in time but they may ultimately fail on technical grounds, e.g., the want of proper notice or the absence of jurisdiction in the particular officer who initiated the proceedings. Here again, there would not appear to be much justification for the person liable being allowed to escape assessment on the ground of lapse of time.

15. Sub-section (2) of section 34 gives the same period for completion of proceedings as that prescribed for their initiation, e.g., four years generally and eight years in special cases. This may not always allow sufficient time for completion of proceedings, especially in those cases where proceedings are started towards the close of the limitation period. It would, therefore, appear desirable that an additional period of a year or two should be available to the Income-tax authorities for completion of proceedings.

16. In the proviso to sub-section (2), a reference to section 33A may also have to be added because under section 33A the Commissioner may in certain circumstances make an order which an appellate authority could have made and which may involve reopening the assessment.

17. An amendment to section 46 of the Act seems necessary to facilitate realisation of the tax and in some instances even to ensure that recovery proceedings are not rendered infructuous by the assessee. Under the law as it now stands, the Income-tax Officer must seek the aid of the Collector to recover tax in arrears except in cases falling under sub-sections (3) and (4) of section 46. Even under these two sub-sections, the procedure is not always simple. Other systems of law permit the taxing authority to serve a notice upon persons who may hold or who may be expected to come into possession of monies belonging to the assessee, cf. section 72 of the Canadian Income War Tax Act of 1917 (Revised Statutes of Canada, Volume II, page 2160 and section 218 of the Australian Income Assessment Act, 1936). On receipt of such notice, the person holding the money is restrained from paying it over to the assessee without satisfying the tax claim. The principle of these provisions is given effect to in sub-section (5) of section 46 of the Indian Act but this provision is limited to "salaries." It frequently happens that monies lying to the credit of a person with another or with his bankers can be made available if the fund can be got at without delay but they may be lost by reason of dilatory procedure as the assessee will in the meanwhile be able to withdraw the money. It might, therefore, be desirable to extend the principle of sub-section (5) of section 46 to other classes of funds held by any person, authority or institution to the credit of or on behalf of an assessee.

Copy of letter No. 85, dated 17th February 1948, from the Association to the Secretary, Income-tax Investigation Commission, Ministry of Finance (Revenue Division), New Delhi.

I am directed to acknowledge the receipt of your circular letter dated the 10th January 1948, in which you request my Association to express an opinion on certain proposals made by you in connection with the amendment of section 34 of the Income-tax Act. The Committee of the Association and its various Sub-Committees have been engaged on certain important matters which were before the Industrial Court of Bombay, and as you are aware, in the dislocation which ensued immediately after the unfortunate demise of Mahatma Gandhi, it was impossible to give any active consideration to the proposals made by you. The Hon'ble the Finance Member recently announced in the Central Legislature his intention to introduce a Bill to amend section 34 of the Income-tax Act and get it passed in the current session. This is unfair to the commercial community and the assesseees at large that such matters should be rushed without giving the parties concerned adequate time to weigh the issues involved.

Income-tax represents a substantial item of expenditure from the assessee's pockets, and it is only fair, therefore, that the assessee should be told about his exact liability in respect of taxation, and it would be extremely unfair to him to be told at a later date that his liability, which had been fixed at a certain figure, would be revised due to some error on the part of the Income-tax Officer. It has unfortunately been the experience of this country that, while the income-tax officials do not hesitate to correct any under-assessment following from errors committed by themselves, the assessee, on his part, is generally asked to follow the usual proceedings prescribed by law to secure re-assessment in case he had been over-assessed. In this connection, it must be pointed out that section 35 of the Income-tax Act empowers the Department to rectify any mistake "apparent from the record," within a period of four years from the date of assessment, a procedure to which no objection could be taken, but the reopening of the assessment in other circumstances should only follow from the Income-tax Officer coming into possession of facts which were not before him when the original assessment was made. My Committee have no sympathy for the dishonest assessee who seeks to avoid payment of the tax that is lawfully due to the State, but at the same time they desire to emphasise that, in the hands of the junior officials of the Department, who often measure their chances of promotion in terms of the revenue they collect, the proposed provisions are likely to become an instrument of harassment from which even the honest taxpayer will not be free.

Turning now to the specific proposals on which my Committee's views have been invited, I am desired to make the following submissions :—

Para 8.—My Committee agree with the proposition made by the Commission if it is clearly understood : (1) that the reopening of the assessment of any year is made only on the basis of additional facts coming to the notice of the assessing officer from an examination of the assessee's accounts *in the next following year*, and on no other ground ; and (2) the assessee is also given a similar right.

Paras 9 and 10.—My Committee submit that section 34 should not be utilised to reopen an assessment solely on the ground that there has been under-assessment due to an erroneous interpretation of the law by the Taxing Officer. If the Commission's proposals in this regard were accepted, there will be no finality to any assessment. If, however, it transpires that the assessee has been guilty of concealing his income and books of account, then there would be no objection to the assessment proceedings being reopened.

Para 11.—Where a mistake has been made in the assessment, being due either to a mistake in fact or mistake of law, adequate powers are already available to the authorities to rectify such mistakes, *vide* section 35, and my Committee are not in favour of enhancing these powers.

Para 12.—My Committee have no objection to section 34 being amended to make the position quite clear on this point.

Paras 13 and 14.—My Committee cannot agree to an assessment being reopened, whether it be a case of non-assessment or under-assessment, if it had arisen solely from a mistaken interpretation of the law by the Income-tax Officers.

Para 15.—It is the general complaint that the proceedings before the Income-tax officials are of an exceptionally dilatory character, this state of affairs being due, in a large measure, to the fact that the State has already received an advance payment of the tax on the basis of the previous year's assessment. The situation will tend to become serious, to the detriment of the assessee, if further time were given to the authorities to complete the proceedings.

Para 16.—As has been stated, my Committee are generally opposed to any proposition which will interfere with the finality of assessments, and they are, therefore, unable to agree to the proposal made in this para.

Para 17.—My Committee feel that the application of the proposed change should be limited to the recovery of tax due in respect of completed assessments under section 29, and limit also its application to funds which are the property of the assessee in his own right without being any part of funds involved in the trading of his own, his partnership, or his Company's business.

Copy of letter No. 85, dated 3rd June 1948, from the Association to the Secretary to the Government of India, Ministry of Finance, New Delhi.

I am directed by the Committee of the Association to refer to the Bill further to amend the Indian Income-tax Act, 1922 and the Business Profits Tax Act, 1947, introduced in the Constituent Assembly on the 29th March 1948, by the Hon'ble Minister for Finance, and submit for Government's consideration, their views on certain provisions of the Bill.

Clause 2.—According to this clause, it is proposed to change the definition of the word "company." In the case of companies registered beyond the limits of India, it is proposed to bring them within the scope of the definition only in the event of their being so declared by the Central Board of Revenue. My Committee have no objection to the principles underlying this proposal, but they desire to point out that it should be made applicable only to new companies which commence to operate in India after the introduction of the Bill,

or say 15th August 1947. In other words, whatever privileges have been conferred for purposes of this Act on companies operating in India prior to 15th August 1947 should continue to be accorded to them.

Clause 8.—This clause proposes to revise section 34 of the Indian Income-tax Act. The revision is being made in pursuance of recommendations in this behalf made by the Income-tax Investigation Commission, in their Interim Report which had been circulated. My Committee had communicated to Government by letter No. 85, dated the 17th February 1948, their views on the Commission's proposals. The proposed amendment to section 34 does not appear to take into account the points made by my Committee in the letter under reference. For ready reference, a copy of the Association's letter referred to is enclosed herewith.

Clause 13.—This clause proposes to amend section 2 of the Business Profits Tax Act with a view to defining the term "Director's remuneration." It is proposed to include in Director's remuneration, all remuneration payable by a company to a Director thereof, in respect of any services rendered to, or employment with, the company in any capacity whatever. There is no reason why a company should not utilise the expert knowledge of a Director in his capacity as a solicitor, or an accountant, or a technical expert, as the case may be, by payment of adequate remuneration to him for such services. Even if the company were not to utilise the services of a Director in this manner, the company would, of necessity, have to employ a suitable outside person for this purpose, and in that case his remuneration would certainly be chargeable to the company's account and allowed as an expense for purposes of assessment. There is no reason why the Director's services should not be utilised as a technical expert. Any remuneration to a Director in his capacity as an expert should, therefore, continue to be allowed as a *bona fide* business expense.

Clause 15.—This clause proposes to amend sub-rules (1) and (2) of Schedule II of the Business Profits Tax Act. It is proposed, in the case of companies to which rule 3 of Schedule I applies, to define their capital as sum of the amounts of their paid-up capital and their reserves. My Committee suggest that the unappropriated amount of the profit and loss account should also be included in the definition of capital.

APPENDIX 44.

ENQUIRY INTO INCOME-TAX LAW—QUESTIONNAIRE OF THE INCOME-TAX INVESTIGATION COMMISSION.

Copy of letter dated 29th May 1948, from the Secretary, Income-tax Investigation Commission, Ministry of Finance (Revenue Division), Government of India, to the Association.

A part of the duty assigned to the Commission under section 3 of the Taxation of Income (Investigation Commission) Act, 1947, is to investigate and report to the Central Government on all matters relating to taxation on income, with particular reference to the extent to which the existing law relating to and procedure for assessment and collection of such taxation is adequate to prevent the evasion thereof. Although the words "on all matters relating to the taxation of income" would seem to suggest a very wide scope for the enquiry, the Commission read them in the light of the preamble to the Act which refers to "the purpose of ascertaining whether the actual incidence of taxation on income is and has been in recent years in accordance with the provisions of law." They are therefore principally concerned with topics of legal avoidance, evasion and the causes which led to the tax not being levied or collected through defective machinery of the department. The Commission have therefore prepared a questionnaire, copy of which is enclosed herewith, and they will be grateful to have the views of your association on the points mentioned in the questionnaire.

The Commission will be glad if the views are communicated so as to reach this office on or before the 31st July, 1948.

QUESTIONNAIRE

(Except when otherwise stated, the sections referred to in the questionnaire are the sections of the Indian Income-tax Act.)

I. *Residents and Non-residents.*

1. Is it necessary or justifiable to retain in the statute the special group of provisions relating to the category described as "not ordinarily resident" ?

2. Under the existing law, a non-resident is not liable to pay tax on profits brought into or remitted to British India during the particular year in which he claims the status of a non-resident, although in preceding years he might have been a resident and he may resume the status of a resident in the very next year after he has brought his foreign earnings into the country. To meet such a case, would you approve of the introduction of a category of "ordinarily resident" defined in positive terms analogous to the provisions suggested by the English Codification Committee with regard to persons styled as "principally resident," or would you suggest that even non-residents should be declared as assessable in respect of profits brought into or remitted to British India ?

3. What suggestion would you make to improve the means available to the Income-tax Department for ascertaining the total income in the case of non-residents ?

4. The Act makes no express provision in respect of cases where a non-resident has businesses or business connections through more than one person in different parts of India. It may be open to question whether any one of such persons can be treated as assessee in respect of profits made in the business carried on by or through another such person in another part of the country. There can be no doubt that the non-resident himself can be assessed on the aggregate of profits made in all the places. Will it not therefore be desirable to provide that for convenience of realisation, the Income-tax authorities can treat any one of these persons as the assessee (under sections 42 and 43) in respect of the profits made by or through all the agents of the non-resident ? If this view is adopted, provision will also have to be made for retainer of the necessary sum by the agent so selected.

II. *Hindu Undivided Families.*

5. What changes would you suggest in the law relating to the assessment of the income of a Hindu undivided family to income-tax ? Would you make any difference between a family governed by the Dayabhag law and a family governed by the law of the Mitakshara ? Would you suggest any modification with reference to the test laid down in the Act for determining the residence of a Hindu undivided family in so far as it is linked up with the residence of the Karta which may change from time to time and may not always have a relation to the situs of the family properties ?

III. *Companies and Firms.*

6. Do you think that the provision made in section 4A(iv) (c) declaring a foreign company (that is a company having its head office outside India) to be resident in British India in respect of any particular year, if its income arising in British India during that year exceeds its income arising without British India, requires any modification, as it may result in bringing into account in Indian taxation losses sustained by the foreign company abroad ? Do you think that the situation could be met by a provision as to the manner or circumstances in which the foreign losses of such a company should be dealt with for the purpose of India taxation, or would you suggest any other change in the Act so far as it relates to taxation of foreign companies ?

7. A complaint has been made that firms avoid super-tax by converting themselves into companies, particularly private limited companies. Are you in favour of the imposition of a graduated super-tax properly so called on companies in place of the existing corporation tax, which is only a flat rate but which is not subject to any minimum ? If the answer is in

the affirmative, do you think that a shareholder to whom a company pays dividends should be entitled to the same treatment in respect of super-tax as he receives with regard to income-tax under section 49B ?

8. Do you think it necessary or expedient to treat private limited companies as incorporated bodies for the purpose of income-tax assessment, or would you prefer to see them assimilated to partnerships which in substance they are ? If the existing provisions relating to private limited companies are to be retained, have you any modifications to suggest either in the definition of such companies for the purposes of the Income-tax Act or in any other respect ?

9. Is it not desirable to check the practice of converting each venture of practically the same set of persons into a separate private company merely with a view to escape higher rates of taxation ? If so, what will be the best method of doing it ? Similarly, how is it possible to checkmate the practice of creating nominal intermediate concerns or taking or introducing nominal partners frequently minors, women and dependents for the same purpose ? Would it not be desirable to have provisions in the Income-tax Act similar to sections 10 and 10A of the Excess Profits Tax Act ?

10. What steps can you suggest to prevent *ex post facto* creation of evidence in favour of an earlier partnership to escape higher rates of taxation in respect of periods when large profits had been made ? Do you think it desirable to enact in this country a provision similar to that in England under the "Registration of Business Names Act," compelling the proprietors of businesses to register the names of their businesses, the persons interested therein, the place or places where they are carried on, within a specified period after the commencement of the business ? The provisions of the Indian Partnership Act relating to registration have not achieved the purpose which it was hoped they might achieve. Section 26 of the Income-tax Act leaves the matter to the option of the assessee and registration may take place long after the commencement of the alleged partnership. Compulsory registration will obviate a great deal of uncertainty and unnecessary enquiries as to the true ownership of the business, both in the interest of the public and for the purposes of taxation.

IV. *Mutual Associations.*

11. Would you recommend any change in the law relating to mutual associations making profit out of commercial activities ?

V. *Collection and Information at Source.*

12. Is there any scope for extending the provisions of the Act relating to (a) deduction of tax at source, and (b) furnishing of information as to payments of rents, etc., by the person paying ?

13. Would you recommend the insertion in the Act of a provision obliging companies to deduct super-tax from dividends payable to all non-resident shareholders even when the amount of dividend is below the maximum amount not chargeable to super-tax ? The total world income of a non-resident shareholder may well exceed the maximum amount not chargeable to super-tax or he may draw dividends from more than one company and the aggregate of such dividends even in India itself may exceed such maximum. If you are in favour of such a provision, what do you think should be the rate for the levy ?

VI. *Advance Payment (interest on).*

14. Is there any justification for differentiating between cases falling under section 18 and cases falling under section 18A by allowing interest on advance payments only in respect of the latter, pre-payment or pre-collection being a matter of convenience in both classes of cases ?

VII. *Computation of Income.*

15. Can the provisions of section 10 (4) (b), which are limited to firms, be extended *mutatis mutandis* to private limited companies and associations generally ?

16. Have you any objection to the introduction of a provision on the lines of section 108 of the Australian Act declaring that any distribution out of income by way of advances or loans made by a private company to its shareholders shall be treated as dividend ?

VIII. *Deductions and Allowances.*

17. In view of the provisions of section 14, sub-clause (2) (c), excluding from income-tax income, profits or gains accruing or arising within an Indian State (unless received or brought into British India), should not proviso 1 to section 24 be so worded as to make it clear that losses sustained in an Indian State should not be taken into account so as to reduce the taxable amount of profits actually made within the Indian Union during the same period, except in so far as the profits made or losses incurred in the Indian States may be relevant to the determination of the rate of tax which will depend upon the total world income ?

18. Would it be possible to meet the complaint of the public that Income-tax Officers are taking an unduly narrow view in accepting as expenses incurred for business purposes only a small proportion of the sums proved to have been spent in the maintenance of motor cars, giving entertainments and other attractions for the benefit of customers ?

19. What steps should be taken to checkmate attempts to show items of capital expenditure on plant, machinery and buildings as no more than cost of ordinary repairs and maintenance ?

20. Could not section 10 (2) (iii) be so worded as to make it clear that the interest paid on capital borrowed for business can be regarded as an admissible deduction only so long as and to the extent to which the amount borrowed is used for business ? The mere fact of initial borrowing for business cannot be the test independently of how the amount borrowed is subsequently used.

21. Section 10 (2) (vi) provides generally for depreciation allowance in respect of machinery, etc. A question has arisen as to whether full allowance for the year or only proportionate allowance should be given in cases in which—

(a) the machinery is not worked for the whole year, or

(b) the assessee is not the owner of the machinery for the whole year.

Should not a provision for proportionate allowance only be made to meet such cases ?

IX. *Stock Valuation.*

22. Will it not be expedient to empower the Central Board of Revenue to provide by rules the methods by which and the principles according to which stock valuation should be made for arriving at profits for the purpose of taxation ?

X. *Usufructuary Mortgages.*

23. Will it not be desirable to make a specific provision in the statute itself as to the manner in which income derived by a mortgagee in possession of agricultural land should be dealt with for income-tax purposes ? If so, on what lines do you think such legislation should proceed having regard to the possible varieties of arrangements under which the mortgagee may be in possession ?

XI. *Premium on Leases.*

24. In view of the growing practice of receiving premia—by whatever name called—in connection with leases, would it not be right to provide in the Act itself that such premia should be treated as taxable income either in the year of receipt or by distributing the same over the period of the lease ? (Compare sections 83 and 84 of the Australian Act and the English decision in *Abbot vs. Davies*, 11 T.C. 575).

XII. *Unclaimed Balances.*

25. What do you think of a proposal that unclaimed and waived surpluses to the credit of customers, suppliers and employers to the extent they are made up of deductions or allowances previously allowed as admissible expenditure for the purpose of assessable income, but not fully expended or paid in actual fact for over three years, should be deemed as profits on the analogy of the proviso to section 10 (2) (11) in respect of debts previously written off partially or wholly.

XIII. *Superannuation Funds.*

26. Have you any suggestions to make on a proposal to place the law relating to Superannuation Funds [Chapter IX(B) of the Income-tax Act] on a footing similar to that in respect of provident funds so as to secure—

- (i) that the aggregate of the annual accretion to the superannuation fund of an employee including his own contribution but exclusive of interest, together with similar accretions to his recognised provident fund, if any, shall not exceed in any year 25 per cent. of his salary proper ;
- (ii) that the limit for exemption from income-tax as laid down in section 58 (F) shall apply to the aggregate contributions to the approved superannuation fund and the recognised provident fund of each employee. Similarly, the limit of exemptions on interest as laid down in section 58 (F) shall apply to the aggregate of the interest on the provident fund and the superannuation fund ;
- (iii) that the annual accretion to the superannuation fund shall, like the accretion to a recognised provident fund, be deemed to have been received by the employee and shall be included in his total income under the head " Salary " subject to the exemption from income-tax but not from super-tax.

XIV. *Super-tax.*

27. Will it not be right to extend the principle underlying section 17, sub-section (2), to super-tax also, as otherwise persons who are members of unregistered firms or associations may escape payment of legitimate super-tax merely on payment of some super-tax in the name of the firm (*vide* second proviso to section 55) ? Section 23 (5) (b) may not prove to be a sufficient safeguard and it has no application to associations.

XV. *Submission of Return.*

28. What ways can be devised to compel a man who has been successfully escaping the attentions of the Income-tax authorities to submit a return of his income or to declare by a sworn statement that his income was below the taxable limit ? Under the present practice the burden lies on the Income-tax authorities to find out whether a man has taxable income or not before issuing a notice to him under section 22 (2), and in this way many people escape taxation altogether. Failure to make a return in pursuance of a general order under section 22 (1) is not an offence under the Income-tax Act.

XVI. *Accounts (Keeping and Production).*

29. Is it not time to provide in the statute itself as in Australia and in some other countries that every person carrying on business should keep sufficient records of his income and expenditure to enable his assessable income and allowances to be readily and truly ascertained ?

30. What steps can be taken to encourage, if not to compel as large a number of assesseees as possible (particularly those engaged in business) to keep proper accounts, to preserve them for at least some years, and in cases where they relate to business fetching an income above a certain limit, to adopt the practice of getting them audited by qualified auditors ?

31. Do you see any objection to auditors being asked to report to the Income-tax Department at the end of each year the names of the persons or concerns whose accounts they have audited during the year ? It has been suggested that the fact of audit is often concealed by some assesseees to enable them to conceal from the Income-tax authorities the result of the audit if the audit happens to show large profits.

XVII. *Best Judgment Assessment.*

32. How do you suggest the Income-tax Officers should proceed where they find that accounts have been suppressed or that the accounts produced are not complete and they are driven to make a best judgment assessment ? On what basis should such assessments be made ? What in your opinion should be the scope of an appeal against a best judgment assessment ?

XVIII. *Avoidance and Evasion.*

33. What changes would you make in proviso 1 to section 43 to ensure that a non-resident broker is a genuine broker and not an alias for the foreign merchant ?

34. In what manner can the provisions of section 16 (1) (c) and sub-section (3) be amplified so as to hit at devices similar in principle but different in form from those specifically mentioned in the section ? A question has arisen particularly with reference to transfers in favour of grandchildren, nephews, illegitimate children, etc., and also in respect of shares in companies held in or transferred to joint names of husband and wife.

35. Would it not be right to provide that, when the income from the transferred property is assessed as if it were the income in the hands of the transferor, the tax thus assessed shall be recoverable also from the property so transferred ?

36. If blank transfers of shares and securities are permitted to continue, what safeguards would you suggest to prevent that practice being utilised to defraud public revenue (1) by concealing the identity of the person who received dividends or interest, (2) by concealing profits made in share dealings, and (3) by claiming genuine or fictitious losses while concealing profits ?

Even if the transfer is not in blank, is it necessary or desirable to make a specific provision in the Act as to the person whom the Income-tax authorities should take note of as the owner of the share during the interval between the date of the transfer and the date of its registration in the books of the company ?

37. What measures would you suggest to prevent avoidance of taxation where an employer instead of paying full remuneration as salary pays part of it by giving various benefits such as conveyance allowance, medical allowance, schooling allowance, reduced rent, free food, etc., all these benefits being not taxable under the law as it stands ?

XIX. *Persons Leaving the Country.*

38. What provisions would you recommend to safeguard against loss of revenue on account of assesseees leaving India for good without leaving assets ? Would you make any difference in this connection between cases where the person concerned leaves India before completion of assessment and cases where he leaves India after the assessment has been completed but before payment ?

XX. *Bankruptcy and Winding-up.*

39. Will it not be right to enact that the claim for income-tax should have priority over other debts even in liquidation and bankruptcy proceedings ? If so, should any difference be made according as liquidation or bankruptcy commences after the assessment of the tax or before assessment ?

40. What provision would you recommend to safeguard against loss of revenue on account of a receiver in bankruptcy or a liquidator being discharged before assessment or payment of income-tax, payable in respect of income arising during the pendency of the bankruptcy or liquidation proceedings ?

XXI. *Penalties.*

41. The provisions relating to the levy of penalties for failure to submit returns are sometimes complained against as leading to arbitrary exercise of power. Can any other scheme be thought of which in the event of failure to submit returns would operate automatically and not at the discretion of the Income-tax Officer ? For example, can it be provided that persons who have not submitted their returns shall not be entitled to claim statutory deductions of certain kinds ?

42. The penalty provisions of the Income-tax Act as they stand hit only cases where incorrect statement in the return has been deliberately so made. Will it not be right to insist on a stricter standard in respect of the liability of assessees to discharge their statutory duty of submitting correct returns ?

43. Will it not be right to follow the English law and declare even abetment of submission of incorrect returns to be an offence ?

44. What do you think should be the policy of the Government in cases in which it is satisfied that an offence under section 52 or one punishable under I.P. Code has been committed ? Should it ordinarily proceed to prosecute the person concerned, or preferably safeguard the revenue by levying a penalty under section 28 or compounding the offence ? If the possibility of prosecution is to act as a deterrent, should not the maximum penalty under section 52 be much greater than it is now ? What do you think is likely to be the reaction of the public (1) if there are frequent prosecutions for income-tax offences, and (2) if clear cases of offences are compounded ?

45. Have you any comments or suggestions to make with reference to the exercise of the power under section 28 to levy penalties ?

XXII. *Secrecy and Publicity.*

46. What do you think of the proposal that the provisions of section 54 should be relaxed so as to permit the disclosure of confidential information in the following cases :—

- (1) to the Advocate-General, where it appears that there has been a breach of trust relating to charity ;
- (2) to the Provincial Government, in respect of information having a bearing on the recovery of Sales Tax ;
- (3) to the proper authorities, when the assessee makes in the course of I.T. proceeding statements which implicate him in a criminal offence and when such statements have been made with a view to escape liability under the Income-tax Act ;
- (4) to a third person, where the assessee asserts the right of such third person to certain property or income and the Income-tax authorities have reason to believe that such assertion is not true and has been made with a view to escape or reduce liability to tax ?

The first three cases are similar in nature to the exemption now recognised under sub-section (3) to section 54 of the Act. The fourth case is similar to the provisions contained

in section 7 (4) of the Income-tax (Investigation Commission) Act. The possibility of the disclosure being made to a party who may be in a position to take advantage of the false statement made by the assessee may act as a deterrent against the assesseses recklessly making such false statements.

47. Have you any suggestions to offer or remarks to make in respect of the following proposals :—

- (1) that wide publicity should be given in respect of cases where assesseses are, after enquiry, found to have made gross understatements of their income ;
- (2) that similar publicity should be given to gross instances of cases in which persons have been convicted of income-tax offences ?

XXIII. *Appellate Procedure.*

48. Do you think that it is necessary to provide a right of appeal (i) against an order of rectification under section 35, and (ii) against an order of the Appellate Assistant Commissioner refusing to extend the time for filing an appeal on dismissing an appeal as not filed in time ?

49. Can a non-resident assessee who fails to pay the demand be put on condition that he should deposit the tax before any appeal filed by him against the assessment is heard ? Alternatively, can he not be asked to give security for payment in the event of the decision going against him ?

50. Will it not be right to enact in the statute itself that fresh evidence can be admitted in appeal only in cases in which the same could not have been produced before the Income-tax Officer even with due diligence and attention ?

What have you to say regarding a proposal that in all appeals under the Act the onus should be specifically laid upon the appellant to show that the Income-tax Officer's assessment order was wrong ? This appears to be the rule in England.

51. What course would you suggest to safeguard the interest of revenue in cases in which a person who has become entitled to a refund of the tax levied from him on the reversal of an order of assessment may ultimately be held liable by higher appellate authority if by that time the person has either left the country or has failed in business and is no longer in a position to pay ? The statute, as it now stands, provides for only one possible contingency of this kind, namely, when Government appeal to the Privy Council against an order of the High Court [see proviso to sub-section (7) of section 86].

XXIV. *Administration.*

52. (a) *Income-tax Officers.*—What have you to say to a proposal that enhanced powers should be given to Income-tax Officers to enable them to gather relevant information, particularly—

- (i) to deal effectively with persons suspected of having black market dealings ;
- (ii) to enter business premises and inspect the accounts maintained therein, place identification marks thereon and make copies therefrom and if the officer has reason to think that they may not be forthcoming when required, to impound them ;
- (iii) to make a search of places where there are reasonable grounds for believing that relevant books and records have been kept ; and
- (iv) to call for relevant information from banks and other business houses.

53. Would it not be desirable to have a provision in the statute itself specifically authorising officers of the Income-tax Department to call upon assesseses to submit total wealth statements at any time they may consider it necessary ?

54. Have you any suggestions to make—

- (i) relating to recruitment and training of Income-tax Officers and distribution of work among them ;
- (ii) calculated to improve the relations between the public and the income-tax staff ; and

- (iii) to educate public opinion to the due realisation of civic responsibility in the matter of meeting the tax obligations and co-operating with the Department.

55. Can you suggest any remedies to meet complaints frequently made of unreasonable delays on the part of the Department in dealing with claims for refunds ? Do you think that there is any justification for a complaint that the provisions of section 48 receive unduly narrow interpretation at the hands of the Department ? If you think so, how do you suggest that this should be remedied ?

56. (b) *Inspecting Assistant Commissioners*.—Is it advisable to define in the statute itself the powers and duties of Inspecting Assistant Commissioners and the Director of Inspection in view of the existing practice of their inspecting assessment records and advising Income-tax Officers in matters connected with current assessments ?

57. (c) *Appellate Assistant Commissioners*.—What do you think of a proposal to make the following changes in the provisions relating to appeals :

- (i) that the Appellate Assistant Commissioners should be removed from the control of the Central Board of Revenue and placed under the control of the Ministry of Law ;
- (ii) that there should be only one appeal on questions of fact, namely, to the Assistant Commissioner in certain classes of cases and direct from the Income-tax Officer to the Appellate Tribunal in other cases. This would correspond with the practice in the ordinary Civil Judicature.

XXV. *Rewards.*

58. Is it desirable that the Income-tax Department should reward informers for valuable information to the Department in respect of tax evasions ? If so, what safeguards would you suggest so that the system may not be availed of by blackmailers ?

59. What do you think will be the appropriate procedure to be followed when an assessment proceeding started before one Income-tax Officer has to be completed before another, either because the case is transferred from one Income-tax Officer to another or because one Income-tax Officer is on transfer, retirement, etc., succeeded by another ? Can the proceeding be continued from the stage which it has already reached, or do you think it necessary or worthwhile to have a rehearing either in all cases, or at any rate in cases in which the assessee so desires ?

XXVI. *General.*

60. Have you any other suggestions to make, on points not covered by the above questions, by way of amendment of the Income-tax Act or with reference to its administration, especially with regard to avoidance or evasion of the payment of income-tax ?

Copy of letter No. 85, dated 27th October 1948, from the Association to the Secretary, the Income-tax Investigation Commission, Ministry of Finance (Revenue Division), New Delhi.

I am directed to refer you to your letter dated 29th May 1948, and to enclose herewith the Association's views on the questions raised in your Commission's questionnaire.

ASSOCIATION'S REPLIES TO THE QUESTIONNAIRE ISSUED BY THE INCOME-TAX INVESTIGATION COMMISSION.

I. *Residents and Non-residents.*

1. It is necessary in the interests of India that foreign capital should be permitted to flow into India to encourage and support industrial development of the country. If such foreign capital was in danger of being chargeable to tax as remittances of foreign income under any of the provisions of the Act, it would be difficult to induce the foreign capitalists

to send their moneys to India and would hamper the establishment and development of new industries. India has vast industrial resources. For reasons which need not now be gone into, these have not been developed and industrialised and to make such industrialisation and developments possible, it is necessary that steps should be taken to remove the apprehensions in the minds of the foreign capitalists as to the moneys they remit to this country being initially charged to tax as remittances of foreign income. A provision should therefore be made that where moneys are brought into India for the purpose of contributing to capital for industrial concerns, or where fully-paid shares are allotted to foreign capitalists, either individuals or companies for advice and guidance as regards the flotation of industrial concerns, the moneys so invested, or the issue of fully paid shares should not be chargeable to tax either in the hands of the foreigners or in the hands of residents as agents of such foreigners.

2. The distinction in the statute as being "ordinarily resident" and "not ordinarily resident" should be eliminated, if the suggestion made in para 1 is accepted. The only distinction that should be preserved and be provided for should be "resident" and "non-resident."

3. In the case of non-residents, instead of trying to get at their world income, a matter which always gives rise to lot of trouble and in which the Income-tax Officer has to resort to estimates which vary from under-estimates to exorbitantly high estimates, provision should be made in the statute to tax the non-resident's income made in British India at a higher rate. This would make up for the elimination of all consideration of the total world income of the non-resident.

4. It would be a hardship if a particular person, firm or company resident in India were to be made liable to tax as agent of a non-resident in respect of the activities of the non-resident in all parts of India. In practice it would not be possible for the resident person, firm or company to visualise or watch the activities of the non-resident who may have a business connection with him and it would therefore be impossible for such resident person, firm or company to protect himself or itself against the total liability to tax of the non-resident in respect of the non-resident's activities in India the profits of which would be chargeable to tax in India.

Incidentally, due provision should be made against the indiscriminate application of sections 42 and 43 in cases where all that the resident has done is :

- (i) to purchase goods on behalf of the non-resident and export them to the order of the non-resident ;
- (ii) to finance the purchases made by the non-resident in India for export to the non-resident ;
- (iii) to look after and safeguard the interests of the non-resident in seeing that the documents relating to the shipments or purchases made by the non-resident or the goods shipped under such documents are in order before payment is made and making such payment.

As the law stands at present, the Income-tax Department, when it is of opinion that there is a business connection between the resident and the non-resident, seeks to tax the profits of such purchases in the hands of the resident as agent of the non-resident, and this is done in almost all cases on an estimate basis.

In all such cases, it would be advisable in the interests of the country that the purchases made by or on behalf of non-residents in India for export for or on behalf of the non-resident should not be chargeable to tax. The seller of the goods so purchased by or on behalf of a non-resident will be chargeable to tax on the profit which he makes on the sale and there will be no justification for charging and collecting any further tax on the purchases so made for export.

Dealing with the question of direct sales made by non-residents to residents, where goods are imported into India, unless there are grounds to show that the prices shown in the invoices are inflated and are above the prevailing prices in India, there should be no

liability thrown on the non-resident seller in respect of such sales to residents in India. In fact the non-resident can be totally eliminated so far as chargeability is concerned in such conditions if the resident who purchases the goods is charged on the basis of the goods having been purchased and imported by him at the prevailing market prices ; so that, if the invoices are inflated the resident would be liable to tax not on the difference between the invoice price and the sale price but on the difference between the market price on the day of his purchase and the sale price in India when the actual sale takes place.

India being a free country and desirous of developing trade relations with other countries in the world any apprehensions in the minds of non-residents as to their being chargeable to tax in respect of purchases made by them in or from India and sales made by them to India would create difficulties and make the non-residents reluctant to deal with residents in India in a way so as to enable the residents to develop their trade in India and their trade relations with other parts of the world.

II. *Hindu Undivided Families.*

5. Under the Dayabhaga law each coparcener has a definite share in the joint family property, the position being the same as in the case of a notional partition of a joint Hindu family governed by the Mitakshara law. As the law stands at present, a notional partition although recognised under Hindu law is not recognised for the purpose of an order under section 25A. Although there is a severance of joint status, each coparcener of the head or the head of each branch of the joint Hindu family holds a defined share in the joint family property from the date of such notional partition. It is desirable that in cases governed by the Dayabhaga law and in cases governed by the Mitakshara law where notional partition and a severance of joint status is proved to the satisfaction of the Income-tax authorities, the members holding the defined shares should be charged to tax on the income from their respective shares and that due provision should be made in the statute to that effect.

As regards the residence of a Hindu undivided family, a change is necessary in that it should not be related to the residence of the *Karta* but it should depend on and be related to the situs of the joint family properties.

III. *Companies and Firms.*

6. The question of treating a foreign company as resident in British India in terms of section 4A (c) would be altogether eliminated if the income of a foreign company in India was made chargeable to tax at a rate higher than the rate applicable to companies registered in India. This would also be an inducement to those interested in the foreign companies to register the companies in India to obviate the chargeability at a higher rate and also would eliminate the possibility of foreign companies claiming to set off foreign losses against profits made in India, and thus escaping tax on the profits made in India.

7. As regards private limited companies and the apprehension that super-tax is avoided by firms converting themselves into such private limited companies, it is advisable to consider whether a company, either public or private, should be made liable to corporation tax. It appears to us that a lot of trouble could and would be avoided if companies registered in India, whether public or private, are charged income-tax at a fixed rate. The super-tax in such cases would then be recovered from the individual shareholders on their dividend income at the appropriate rates.

8. In this connection attention should be drawn to the provisions of section 23A which applies to a company in which the public are not substantially interested. The provision in sub-section I of section 23A does not give any discretion to the income-tax authorities in respect of companies falling within the scope of that section, as the unreasonableness for payment of a dividend or a larger dividend than declared is made dependent on the Income-tax Officer being satisfied as to the losses incurred by the company in earlier years or to the smallness of the profit made in the year of assessment. This is different from the provision in the English Act where the discretion of the Income-tax authorities to decide whether the dividend declared or the non-declaration of a dividend is reasonable is not restricted in any

manner and which therefore enables the Income-tax authorities to view the financial position of the company concerned as a whole in deciding whether the dividend declared or the non-declaration of a dividend is unreasonable.

Further trouble is created by the limitation of the powers of the Income-tax authorities by the fact that the losses incurred by the company in earlier years considered for the purpose are the losses as allowed in the assessments of the company for the earlier years and not all losses incurred by the company in the earlier years, with the result that, although a company may not be financially in a position to declare a dividend, much less a dividend as required under the provisions of the said section, the Income-tax Officer proceeds to make an order under the section which inflicts a great hardship on the shareholders of the company and mars the future prospects of the company.

It is not permissible for the Income-tax Officer to take into consideration the future prospects of the company in considering whether an order under this section should be made or not. A company may be able to show that it is on the verge of ruination so far as the future is concerned and yet for a particular year, the provisions of the section being applicable; an order is made under the section.

With the shareholders being chargeable to super-tax at the appropriate rates and the fact that companies not registered in India would be chargeable to tax at a higher rate on the profits made in India and the fact that non-resident shareholders would also be chargeable to tax at a higher rate on their dividend income, it does not appear to be necessary to treat private limited companies as partnerships. With necessary amendments in the Companies Act as to the auditing of the accounts of private limited companies and the furnishing of certain information as to the coming into being of such private limited companies and the filing of annual accounts, the retention of the recognition of private limited companies for the purposes of tax would be a distinct advantage as against treating them as partnerships where the usual difficulties as regards accounts, registration, constitution, etc., would arise.

9. Regarding the apprehension that the same set of persons may have separate private companies with a view to escaping higher rates of taxation, once the corporation tax is eliminated and the dividends are charged to higher tax in the hands of the shareholders, the ultimate beneficiaries of the income of such companies will be charged to higher tax at the appropriate rates, and there will be no room for the apprehension of escapement of the proper rate of tax.

10. As regards partnerships, provisions similar to those in section 10 and 10A of the E.P.T. Act are not desirable. It has been found in practice that although the application of the provisions of section 10 of the E.P.T. Act has been restricted, the provisions of section 10A of the E.P.T. Act have given a free hand to the E.P.T. Officer to rope in the profits of several businesses and tax them to E.P.T. as one unit and the indiscriminate application of section 10A will be evident when the cases dealt with by the Income-tax Appellate Tribunal under orders from the E.P.T. Officers are looked into. The Income-tax Act of the Union of South Africa, section 90, runs as follows :—

" Transactions or operations designed to avoid liability for or reduce amount of tax.— Whenever the Commissioner is satisfied that any transaction or operation has been entered into or carried out for the purpose of avoiding liability for the payment of any tax imposed by this Act or reducing the amount of any such tax, any liability for any such tax and the amount thereof may be determined and the payment of the tax chargeable may be required and enforced as if the transaction or operation had not been entered into or carried out; provided that any decision of the Commissioner under this section shall be subject to objection and appeal and in any proceedings relating thereto whenever it is proved that the transaction or operation in question would result in the avoidance of liability for the payment of any such tax or in the reduction of the amount thereof, it shall be presumed, unless the contrary is proved, that the transaction or operation was entered into or carried out for the purpose of avoiding such liability or of reducing such amount."

How far such provisions can be assimilated into our Act is a matter which requires consideration.

With regard to the question of introduction of nominal partners in the shape of minors, women and dependents, and the question of recognition of the partnerships and registration under section 26A, if registration is to be continued, a system of registering firms, apart from the provision under the Indian Partnership Act 1932, should be brought into being for the purposes of Income-tax laws. The Income-tax authorities should maintain a register and no partnership should find recognition in the year under consideration unless it has been registered with the Income-tax authorities within 30 days of its coming into being. As regards the nominal partners, if minors to whom benefits of the partnership are given are not to be recognised as partners, the law will have to be altered. Similarly, in the case of women and dependents introduced as partners, provision will have to be made giving discretion to the Income-tax authorities to decide whether such partners were necessary for the purpose of the business of the partnership either from the point of view of capital necessary for the partnership or for active participation in the business of the partnership.

To avoid these questions which are bound to give rise to disputes and long drawn out fights between the authorities on the one hand and the assesses on the other, it is suggested that the provisions as to registration of partnerships should be eliminated. Instead each partnership should be assessed as a unit and the shares of the partners determined. The unit would be taxed at the appropriate rates. The share of each partner would then be considered in his or her own individual assessment not only for the purpose of the rates applicable on the other income of such person but also for fixing the rates of income-tax and super-tax as regards the whole income of such partner inclusive of the share drawn by him from the partnership, credit being given to him for the tax paid on his share as part of the unit which has paid the tax applicable to it. This in fact would be applying the provisions of section 23 (5) (b) of the present Act to all cases of partnerships.

IV. *Mutual Associations.*

11. The existing provisions are sufficiently comprehensive and no change is called for.

V. *Collection and Information at Source.*

12. The provisions of the Act relating to (a) deduction of tax at source are sufficient. The provisions as to (b) furnishing of information as to payments of rent, etc., by the person paying are also sufficient. Non-compliance with these provisions may be made penal.

13. The question of insertion in the Act of a provision obliging companies to deduct super-tax from dividends payable to all non-resident shareholders would not arise if a higher rate of tax is made applicable in respect of dividends payable to non-residents and in fixing such rate the liability to super-tax is also taken into account. If, however, the basis of chargeability to super-tax is made dependent on the world income of the person receiving the dividends it would certainly be advisable to make the deduction of super-tax compulsory in case of all payments of dividends to non-residents leaving it to the non-residents concerned to apply for refund where on their world income no liability to super-tax or liability to super-tax at a lower rate than charged would arise.

VI. *Advance Payment (Interest, On).*

14. There is a difference between cases falling under section 18 and those falling under section 18A, and the two cannot be put on the same footing. In the case of non-payment under section 18, the person liable runs the risk of the tax on the particular income being recovered from him at the rate applicable to his income. In the case of application of section 18A, as against the interest allowed on advance payments, there are the provisions as to penalties where such advance payments are not made or where the estimated income on the basis of which advance payments are made fall short of the assessed income by more than 20 per cent.

VII. *Computation of Income.*

15. The provisions of section 10 (4) (b) can be applied to Associations generally. It would not be proper to apply them to private limited companies as innocent shareholders

who have no hand in the management may suffer for the sins of omission or commission of the principal shareholders and such application would really destroy or seriously affect the recognition of private limited companies as such.

16. As to the introduction of a provision declaring that any distribution out of the income by way of advances or loans by a private company to its shareholders, the same position as in the foregoing paragraph would arise. A discretion may, however, be given to the authorities to deal with the shareholders concerned in their individual assessments as if in cases where interest has not been charged on such advances or loans or interest has been charged at too low a rate, to treat the saving of interest as income in the hands of the shareholders concerned.

VIII. *Deductions and Allowances.*

17. When sub-clause 2 (c) of section 14 was enacted, a lacuna was left as corresponding provision was not made in sub-section 1 of section 24 with the result that the proviso to the said sub-section 1 of section 24 has been found to be inapplicable in such cases to losses sustained in an Indian State. An amendment is therefore necessary for sub-section 1 of section 24 so as to prevent losses sustained in an Indian State being set off against profits made in India of being taxable under section 10 except for the purpose of fixing the rate of tax.

18. As regards expenses incurred for business purposes, there is a lot of justification for the complaint of the public that the Income-tax Officers are taking an unduly narrow view, but it will be difficult to make specific provisions in the Act to meet all contingencies in this behalf. The items by their very nature would be discretionary and the proper course would be to direct the Income-tax Officers to see what the main purpose of the maintenance of motor cars, giving entertainments, etc., was. That is to say whether it was for business or not.

19. The practice of charging capital expenses to revenue can be only checkmated if reasonable repairs are allowed together with ordinary replacements not of capital nature. Current repairs need to be defined and such definitions must be liberal and in wide terms, so that capital expenditure will be restricted only to those cases where new addition or capital construction is undertaken. This is a type of expenditure where a hard and fast rule or a set formula will hardly be workable. Unless the case is very obvious and amounts are unusually large, the normal amounts charged should not be queried.

20. It would not be advisable to make the suggested change in section 10 (2) (iii), as such a change would lead to disputes and the weighing in the balance by the Income-tax Officers as to what amount of borrowing was actually necessary for the purpose of the business. This would lead to complications as in the case of "capital employed in the business" computed for the purposes of the E.P.T. Act.

21. As regards depreciation allowance in respect of machinery, etc., under section 10 (2) (vi), if the suggestion made above is accepted, the two cases set out in para 21 of the questionnaire would not arise. Otherwise it is but equitable that only proportionate allowance should be made dependent on the period during which the machinery has been worked or owned in the year under consideration.

IX. *Stock Valuation.*

22. There is no objection to empowering the Central Board of Revenue to make rules to that effect. But the rule should be one that is universally recognised, viz., "cost or market value, whichever is lower." In this it is necessary to expressly provide that cost or market value shall be with reference to individual items and not the aggregate thereof, if the principle of cost or market value whichever is less is to be respected in practice. The assessee must be allowed to compute his stock with reference to individual items, otherwise some stock items are likely to be included at the market value although higher than cost, if in the aggregate market value is less than cost. This offends the very basis of the rule and should not be countenanced.

X. *Usufructuary Mortgages.*

23. This is a matter with which neither the Millowners' Association nor business concerns in Bombay are concerned. It will be difficult to provide for all varieties of arrangements where the mortgages are in possession.

XI. *Premium on Leases.*

24. It would be equitable to spread out the premium proportionately over the period of the lease but a provision will have to be made that, if for any reason the lease is terminated earlier, the balance of the unaccounted premium would be chargeable in the year of termination.

XII. *Unclaimed Balances.*

25. These deductions are normally taxable and are in practice taxed. But a clarification will be welcome to put the matter beyond doubt. It should, however, be restricted only to such items as have previously gone towards reducing assessable income and not others. While any *unclaimed* balance may be treated as income after the lapse of three years, it should be explicitly provided that no attempt should be made to apply it to *unpaid* balance. The latter must be allowed as and when due and adjusted in books.

XIII. *Superannuation Funds.*

26. Clause (i) of para 26 of the questionnaire is reasonable. Clause (ii) of para 26 is also reasonable but provision should be made so as not to cause hardship where high wage earners retire earlier.

Clause (iii) of para 26 is a matter of policy but making the annual accretion subject to super-tax would create an invidious distinction between members of the staff of different grades.

XIV. *Super-tax.*

27. This difficulty will be automatically overcome if the artificial distinction between a registered firm and an unregistered firm is once for all abolished. All firms must be assessed at the rate applicable to individual share of partnership profit.

XV. *Submission of Return.*

28. The suggestion in para 28 of the questionnaire is not practicable but the situation can be safeguarded by providing that a default in compliance with the notice under subsection 1 of section 22 will be an offence under the Act.

XVI. *Accounts (Keeping and Production).*

29. The suggestion in para 29 of the questionnaire should be accepted.

30. With regard to para 30, the real difficulty is that even Auditors' Certificates are not accepted as the last word on the subject by the Income-tax authorities but, if keeping and production of proper books of account in relation to every business is insisted upon and provisions are made for summary assessments where the assessee has failed to keep proper accounts or to produce such accounts except for reasons beyond his control, the assessee will naturally not take the risk of being summarily assessed and the desired object will be achieved. At the same time, some provision should also be made for facilitating assessment where proper accounts are produced and the necessity of going through a long course of enquiry should be obviated.

31. The course suggested in para 31 would amount to making the auditors officers of the Income-tax Department and would also lead to friction between the assessee and their auditors, or to collusion which may lead to undesirable results.

XVII. *Best Judgment Assessment.*

32. The existing law gives the necessary powers to the Income-tax Officers by the proviso to section 13 and sub-section 4 of section 23. These powers do not require any enlargement. In actual practice, it has been found that the Income-tax Officers resort to the proviso to section 13 on the slightest pretext and sometimes very flimsy pretexts, e.g., that there is no check on stocks or that the opening stock which was the closing stock of the preceding year was not checked, or that vouchers were not produced for all purchases and sales or that the vouchers produced are made out on the assessee's letterpaper or on loose bits of paper, or that the purchaser from or seller to the assessee is not traceable, or is not on the records of the Department as an assessee. It is difficult to lay down a distinct line but the Central Board of Revenue can give directions to the Income-tax Officers not to resort lightly to the proviso to section 13 except in cases where it is not possible to work out the assessable income from the records produced by the assessee, and even where the proviso to section 13 is applicable, the Income-tax Officers should not disregard the materials placed before them and should not compute the assessable income on their own ideas of how the business should have been run but on a fair and equitable basis. As to the application of sub-section 4 of section 23 in cases where an assessee has failed to make a return the assessee cannot complain against a best-judgment assessment, but real hardship comes where a best-judgment assessment is made for default in compliance with the notice under sub-section 4 of section 22. In many of such cases it is a disputable point as to whether there is a real default. The opinion of the I.T.O. prevails and in some cases it would be found that the I.T.O. has held that there is default in compliance with the notice under sub-section 4 of section 22 by non-production of books which the assessee asserts he never maintained.

If the maintenance and production of proper books of account is made a rule of the law many of the difficulties now existing will be eliminated.

In any case the basis of the best-judgment assessment would be different in cases where data is available but is not sufficient to arrive at a true computation of the income and in cases where the assessee non-co-operates in which case the Income-tax Officer has to rely on local information. In the latter case the assessee would be responsible for the dire consequences of his attitude.

The scope of an appeal against a best-judgment assessment should not be limited. It should be open to the higher authorities in appeal to convert the assessment under section 23 (4) into an assessment under section 23 (3). The only danger is that where the assessee finds that the best-judgment assessment is favourable he may keep quiet and where he finds he has been overtaxed he may produce materials at the appellate stage. This situation can be provided for as, where the assessee has not been given a reasonable opportunity to produce his materials or has sufficient cause, the assessment can be cancelled under section 27, but, where in spite of available materials the Income-tax Officer has proceeded to make a best-judgment assessment and no other materials have to be offered by the assessee in the appellate stages, an application under section 27 should not be necessary but the Appellate authorities should be empowered to deal with the matter fully.

XVIII. *Avoidance and Evasion.*

33. The non-resident broker must prove that he is only a broker by means of a certificate of the taxing authorities of the non-resident's country to that effect. Merely being a member of a brokers' association does not debar the non-resident from being a merchant.

34. With reference to para 34, if the transfers in favour of grandchildren, nephews, illegitimate children, etc., are genuine, that is to say by way of gifts or without adequate consideration, exception cannot be taken as otherwise it would be an interference with the inherent rights of transfer vested in an owner of property. In fact such transfers will be more frequent when the Estate Duty Act comes into being.

As regards shares in companies held in or transferred to the joint names of husband and wife, if the wife has paid for her share out of monies which did not fall within the mischief

of sub-section 3 of section 16, no exception can be taken, but in cases where the shares either wholly belong to the husband or the wife as paid for out of moneys transferred by the husband to her, the existing provision of sub-section 3 of section 16 would be sufficient. It is only in the case of an application of the provisions of section 23 to shares held in the joint names of husband and wife that difficulty arises. To provide against such cases, provision can be made that the super-tax is to be charged to the real owner of the shares or to the person who would be so charged in the event of a dividend having been actually declared notwithstanding the fact that such tax is charged under the provision of section 23.

35. The suggestion in para 35 cannot be objected to.

36. With reference to para 36, the only provision against frauds would be penalties and prosecutions. If a statement of wealth is taken from every assessee on oath or solemn affirmation and such statement specifically provides for declaration of shares and transactions held or entered into by the assessee in the names other than his own, the assessee would be reluctant to take the risk of facing prosecution for false verification. As to claiming losses either genuine or fictitious and concealing profits, if maintenance of proper books of account is made compulsory, the scope for such claims for losses and concealment of profits would be considerably reduced if not altogether eliminated. But even as at present, it is not difficult if proper enquiries are made to ascertain whether claims for fictitious losses are made. As to concealment of profits in share dealings, the certified share brokers of the recognised stock exchange may be asked to submit names and particulars of constituents who have had dealings with them of over a particular amount in each year.

Even where shares stand in a particular name the registered holder in the statement of wealth will have to declare whether he is the beneficial owner of the share and if not on whose behalf he is holding them and the beneficial owner in his statement of wealth will have to declare that such shares are held by the registered holder as his nominee.

37. With reference to para 37, the provision of sub-section 1 of section 7 and explanation 1 thereto cover the matters referred to. Any further restrictions would result in the employees being hard hit.

XIX. Persons Leaving the Country.

38. A person intending to leave the country for good must obtain a clearance certificate whether he leaves before or after the assessment and in the case of a non-resident, the obtaining of such certificate should be made compulsory in every case. The issue of the certificate will depend on provision being made either by way of payment or security for the tax to which such person will be liable or by such person leaving with the authorities immovable properties unencumbered to the extent of meeting any liability for tax that may arise.

XX. Bankruptcy and Winding-up.

39. With reference to para 39 at present there is a distinction in that if an assessment has already been made before the company goes into liquidation the Crown has priority in respect of the tax liability under such assessment but, if the assessment is made after liquidation, the Crown cannot claim priority. If Government's priority is to be retained, it should be in respect of both, namely, the assessment prior to liquidation or liability arising after liquidation, limited to the period upto the date of liquidation. The position would be the same in the case of insolvency.

40. With regard to para 40, the Receiver in bankruptcy or the Official Assignee in whom the insolvent's property vests in presidency towns in India under the Presidency Towns Insolvency Act or the Liquidator should be held responsible to provide out of the assets in his hands for all liability to tax up to the date of his discharge limited, of course, to such assets, so that the parties taking over will have to give security for or pay a sufficient amount to cover such liability or indemnify the Receiver, O/A or Liquidator as the case may be before getting hold of the assets.

XXI. *Penalties.*

41. It is not possible to make any provision which would operate for imposition of penalties as against the exercise of discretion by the Income-tax Officer except in the case of total failure on the part of the assessee to submit his return of income but, in such a case, the discretion of the I.T.O. should not be fettered as there is a possibility of the assessee being under-assessed and gaining an advantage out of his own default. In other cases, naturally discretionary powers have to be given to the Income-tax Officer, but where the Income tax Officer does not exercise his discretion correctly as in cases where the income has been fully assessed or assessed on an estimate under the proviso to section 13 and the assessed income is far in excess of the income returned and the Income-tax Officer proceeds to levy a penalty on the basis that the difference between the income returned and the income assessed was concealed and proceeds to levy the maximum penalty permissible under the law. In such cases the Appellate authorities do not give relief, the only question put to the assessee being "Has the I.T.O. exceeded his powers?" Restrictions on the powers of the I.T.O. as regards the imposition of penalties under section 28 seems to be necessary and the more so because where the case falls under section 52 the Income-tax authorities by threatening and/or launching a prosecution can extract their pound of flesh from the assessee. Another case where the provisions of section 28 are harshly applied is where the assessee is late in submitting his return or submits a revised return long before the assessment is made and yet the I.T.O. treats it as a failure to file the return in the first case and a concealment in the second case.

42. Then again, there are cases in which the assessee and the I.T.O. do not agree as to stock valuation or as to certain allowances claimed or as to profits on sale of shares being investment profits, and the I.T.O.'s assessment is adverse to the contentions of the assessee. The I.T.O. proceeds with a notice under section 28. This is a wrong exercise of the discretion vested in the I.T.O.

43. It would not at this stage be advisable to follow the English law and declare even abetment of submission of incorrect returns to be an offence. Is it intended to charge the income-tax practitioner who advises the assessee and helps him to fill up his return or the auditor or accountant who acts for the assessee?

44. From the point of view of Government the interest of revenue should prevail over the expediency of prosecuting tax evaders. But in big serious cases where exposure and deterrent punishment are likely to create a wholesome effect on tax-dodgers, the interest of revenue should not prevail over prosecuting the evaders and meting out to them the extreme penalty that the law provides, viz., imprisonment and fine. The maximum penalty is low because it is coupled with imprisonment which is a more serious deterrent. Hence no change is called for in the amount. If there are frequent prosecutions, it will create a wholesome sense that tax-dodging in the long run does not pay. But the Income-tax Department's inefficiency, exposure of its methods, dilatoriness and harassing tactics may also come to be exposed in these trials. These considerations sometimes act as a check on the Department's inclination to prosecute rather than to compound.

45. These are all matters for consideration and section 28 should be revised and amended in the light of what has been stated above and a definite line of action should be laid down for issue of notices under section 52, and care should be taken to ensure that there is no harassment of the assessee:

XXII. *Secrecy and Publicity.*

46. In the four cases set out in para 46 there could not be any objection to the disclosure of the information. At the same time, care should be taken that misuse is not made of the powers.

47. With regard to the suggestions in para 47. As to (1) giving publicity would be a breach of section 54, and as to (2) no objection can be taken.

XXIII. *Appellate Procedure.*

48. It is but just that a right of appeal should be given (i) against an order or rectification under section 35, and (ii) against an order of the A.A.C. refusing to extend the time

for filing an appeal or dismissing an appeal as not filed in time, because in the first case the order under section 35 passed by the I.T.O. acts harshly and under the present law the assessee is left with no remedy and in the second case the exercise of discretion for extending the time for filing an appeal or dismissing an appeal as not filed in time should be made subject to appeal.

49 With regard to para 49, a condition as suggested would work harshly in that, if there is a heavy assessment against a non-resident and the non-resident is honestly not in a position to meet the demand arising from such assessment and he is debarred from taking the matter up in appeal, he would be rendered helpless and not have an opportunity to get the matter set right in appeal. If, however, any such condition is to be imposed, it should be after the appeal to the A.A.C. has failed or has resulted in a liability remaining outstanding against a non-resident.

50. With regard to para 50, a provision of the nature suggested may work harshly as the assessment proceedings before the I.T.O.s are in many cases conducted in a very slipshod manner, the assessee not knowing the mind of the I.T.O. and the I.T.O., not opening his mind to the assessee but waiting to pounce upon the assessee. The suggestion that the onus of proving that the I.T.O.'s assessment order is wrong should be specifically laid upon the assessee would give very autocratic powers to the I.T.O. In practice, it has been found that in some cases on the face of it the I.T.O.'s orders are unsustainable or the I.T.O. has acted in a manner wherein the assessee did not get any indication and felt that the I.T.O. had no reason to complain. Such provision would only be possible after it is found that the I.T.O.'s are helpful to the assessee and not functioning merely to come down with a heavy hand where, in their opinion, the assessee has not done or produced all that the I.T.O. considers should have been done or produced.

51. If the person leaves the country he must provide for deposits against reversal of order. If the man fails and becomes insolvent, the Crown should not claim anything in priority to his other creditors.

XXIV. Administration

52. (a) *Income-tax Officers.*—As to (i) it is too late in the day to begin dealing with persons suspected of having black market dealings. It is thought, however, that sections 37, 38 and 39 confer sufficiently wide powers on the assessing officers.

As to (ii), the I.T.O. may be empowered to ask the assessee to submit a list of the books maintained by him in the year under consideration and in the following years up to and inclusive of the current year and to enforce production of all such books to mark them for identification and make copies therefrom.

• As to (iii), if such a power is given it may lead to harassment of the assessee.

As to (iv), such information is even now being called for and obtained by the I.T.O.'s.

The crux of the matter is that the I.T.O.'s should be directed to be helpful to the assessee, guide them to make their returns, point out what evidence oral and/or documentary is necessary if the assessee does not want to be penalised in any manner and offer all help and co-operation to the assessee and not merely expect the assessee to offer full co-operation without knowing the I.T.O.'s mind. Such an attitude on the part of the I.T.O. would make all the difference in the attitude of the assessee and the compulsory maintenance of books of account in all businesses and the submitting of statements of wealth would make it unnecessary to provide for the police powers as suggested in para 52.

53. If special authority is to be given to the officers of the Income-tax Department to call upon assessee to submit total wealth statements at any time they may consider it necessary, safeguards against harassment should be provided for the assessee. The essential safeguards would be (1) secrecy, i.e., the total wealth statements should not be made available

to any person other than the officers of the I.T. Department for any purpose whatsoever and should not be used by such officers for any purpose other than the future assessments of the assessee concerned, and (2) the assessments completed prior to the calling for and submission of the total wealth statements should not be reopened under section 34 nor any penal action taken in respect thereof on the strength of such total wealth statements.

54. With regard to para 54, the relations between the public and the Income-tax staff can be improved by a sympathetic attitude on the part of the Income-tax Officers towards the assessee. The real difficulty is the incidence of heavy taxation which coupled with the disallowances and the estimates makes it very very difficult for most of the assessee to offer full co-operation to the I.T.O.

55. It cannot be gainsaid that there are delays in granting refunds and that such delays are avoidable. There is also justification for the complaint that the provisions of section 48 are generally interpreted in favour of the Department and against the claimants. That can only be remedied when it is impressed on the I.T.O. that fair treatment is the first essential in the administration of revenue laws and that where a refund is due, no attempt should be made to avoid it on technical or flimsy grounds.

56. (b) *Inspecting Assistant Commissioners.*—The general complaint is that many of the assessment orders made by the I.T.O.'s are really not the orders of the I.T.O.'s but of the I.A.C.'s who have jurisdiction over the particular I.T.O.'s. In such cases the assessee is at a great disadvantage because he has been heard only by the I.T.O. and not by the I.A.C. and yet the I.A.C. dictates the order which is issued in the name of the I.T.O.

Provision should, therefore, be made that where the I.A.C. does not see eye to eye with the I.T.O.'s recommendations, the I.A.C. should be seized of the matter and thereafter give opportunity to the assessee to be heard and proceed to make the assessment himself over his signature.

Another matter which requires remedying is the influence exercised by the I.A.C.'s over the A.A.C.'s in appeals pending before the A.A.C.'s. So far as these appeals are concerned the I.A.C. should be distinctly told that he cannot and should not approach or submit any note to the A.A.C. and that the A.A.C.'s decision or order should not be influenced or affected, by the trend of mind of the I.A.C.

57. (c) *Appellate Assistant Commissioners.*—The suggestion made in sub-para (1) of para 57 is acceptable. The A.A.C.'s would then be a Court of First Appeal and the Income-tax Appellate Tribunal members whereof are also appointed by the Ministry of Law would be the Court of Second Appeal.

As to sub-para (ii) of para 57, it appears that a pecuniary limit is sought to be fixed for the exercise of the jurisdiction of the A.A.C.'s and direct appeals are suggested where the amount involved exceeds the limit of such pecuniary jurisdiction. If this suggestion were to be accepted, the I.T.A.T. should have the same powers of enquiry as are given to the A.A.C. under section 31.

XXV. Rewards.

58. In the present state of affairs, copying the British practice without the efficiency, the standards and the high level of civic duty in public servants in England will be most disastrous. The evil practice of anonymous letters, blackmail and wide corruption will be so large as will deprive the Department of the last vestige of respect and confidence of the public in exercising its functions in a fair and just manner.

59. With regard to para 59, if undue delay is avoided, there would not be many cases of assessment proceedings started before one officer having to be completed before another, but what is objectionable is the transfer of an officer from one ward to another or from ward to circle or from circle to company's circle and thereupon the pending assessment being handled by the successor of the officer so transferred. In such cases, notwithstanding the

transfer, the officer dealing with the pending assessment should be made to continue and complete such assessment.

In proper cases, e.g., where an officer retires or is promoted to a higher post and ceases to be an officer, there can be no objection to the proceedings continuing from the stage where he has left them, the assessee being given an opportunity of being heard by the new officer.

XXVI. *General.*

Nothing in particular except that those recruited as Income-tax Officers should have thorough knowledge of the principles of bookkeeping apart from other qualifications.

Steps might also be taken to ensure acceleration of and continuity not only in proceedings, but also in granting refunds.

Educative propaganda must be initiated by Government to bring home to the public that the country expects every citizen to pay the Treasury the tax which is justly due from him, and any person who avoids the tax for any reason whatsoever is not only depriving Government of the much needed revenue but is committing an offence which deserves the open censure of all liberty-loving and honest people.

APPENDIX 45.

INDIAN INCOME-TAX RULES, 1922.

AMENDMENT OF RULE 8.

Extracts from the "Gazette of India," dated 17th January 1948.

No. 2.—The following draft of certain further amendments to the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (i) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (4) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 15th February 1948. Any objection or suggestion which may be received from any person will be considered by the said Board.

Draft Amendments.

In rule 8 of the said Rules.—

1. For the words, figures and brackets "An allowance under section 10 (2) (vi) of the Act in respect of depreciation of buildings, machinery, plant or furniture shall be made in accordance with the following statement," the following shall be substituted, namely :—

"The allowance under section 10 (2) (vi) of the Act in respect of depreciation of buildings, machinery, plant or furniture shall be at percentages of the written down value or original cost, as the case may be, equal to one-twelfth the number shown in the corresponding entry in the second column of the following statement :

Provided that if the buildings, machinery, plant or furniture have been used by the assessee in his business for not less than two months during the previous year, the percentage shall be increased proportionately according to the number of complete months of user by the assessee :

Provided further that in the case of a seasonal factory worked by the assessee during all the working seasons of the previous year, the percentage shall be increased as if the buildings, machinery, plant or furniture had been in use throughout the period the assessee was the owner thereof during the previous year."

2. In the statement :—

(i) in the heading of the second column for the words "Percentage on the written down value" the following shall be substituted, namely :—

"Number on the basis of which the percentage is to be calculated on the written down value, except where otherwise indicated in the case of ocean-going steamers";

(ii) under the head "I Buildings", in the third column, for the words "Double these rates will be allowed" the words "Double these numbers will be taken" shall be substituted;

(iii) under the head "III Machinery and Plant," in sub-head (3)—

(a) in item (i) of Group G, in the second column, for the words "The same rates" the words "The same numbers" shall be substituted;

(b) in item (i) of Group I, in the third column, for the words "These rates are percentages on the original cost," the words "The allowance is to be calculated on the original cost" shall be substituted.

These amendments shall have effect from the 1st day of April 1948 and shall apply to assessments for the year ending on the 31st day of March 1949 and subsequent years.

Copy of letter No. 138, dated 24th February 1948, from the Association to the Secretary, the Central Board of Revenue, New Delhi.

I am directed to refer to Government Notification No. 2 published in Part I of the *Government of India Gazette* dated 17th January 1948, which was received by this Association on 26th January 1948. The notification requires criticisms of and suggestions on the proposed amendment of Rule 8 to be sent to you on or before 15th February 1948. It was, however, impossible to comply with this request on account of the complete dislocation of work which followed the unfortunate demise of Mahatma Gandhi, and my Committee trust, notwithstanding the delay which has taken place in submitting this memorandum, it will be possible for Government to consider the point of view put forward by them.

It was unfortunate that Government's notification gives no indication whatsoever of the aims and objects of the proposed amendment; if this had been given, it would have been possible for my Committee to understand the reasons underlying the proposed amendment. Anyway, it seems that the intention is to allow depreciation on a monthly basis, strictly according to the number of complete months for which plant, machinery and buildings have actually been used. Where plant or machinery was brought into business for the first time in the middle of the accounting year, then there could perhaps be no objection to depreciation in respect of such plant and machinery being taken on a proportionate basis in so far as the assessment of the particular year is concerned; but my Committee are unable to accept, as a general rule, that, where an industrial establishment was closed either entirely or partially, it should not be allowed any depreciation in respect of the period affected by the closure. The logic underlying Government's proposal is that building, plant or machinery standing idle does not depreciate at all, or as rapidly as would otherwise have been the case. If this is so, then Government have been misinformed, as buildings, plant and machinery, if anything, depreciate more when in disuse than otherwise.

The proposal should be objectionable from another point of view. If Government's view is that buildings, plant and machinery used less depreciate less, then it follows that in the case of buildings, plant and machinery worked beyond one shift, additional depreciation should be accorded on the basis of the number of hours worked over the first shift. In other

words, if the factory works two shifts of eight hours each, it should be entitled to twice the ordinary depreciation. If it works three shifts of $7\frac{1}{2}$ hours each, the rate of depreciation allowable should be somewhat as under :

$$\frac{\text{Ordinary rate of depreciation per shift}}{\text{No. of hours per shift (8 hours)}} \times \text{No. of hours for 3 shifts (22}\frac{1}{2}\text{ hours)}.$$

At present, the assessee is allowed only 50 per cent. over ordinary rates of depreciation, regardless of whether he works $7\frac{1}{2}$ hours over the first shift or 15 hours.

There is another point which should be raised in connection with the notification. The amendment reads :—

" Provided that if the buildings, machinery, plant or furniture have been used by the assessee in his business for not less than two months during the previous year, the percentage shall be increased proportionately according to the number of *complete months of user* by the assessee."

Permissible depreciation is proposed to be limited to the number of *complete months of user by the assessee*. The expression "user" here does not apparently mean "occupation" alone. It means "work" also. In other words, depreciation will vary with the number of *complete months for which the factory worked*. Under present unsettled conditions, this in effect is likely to mean that not many factories will be able to put in "complete months" to qualify themselves for depreciation for even a part of the year.

*Notification No. 31, dated 15th May 1948, issued by the Central Board of Revenue,
Income-tax, New Delhi.*

In exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), the Central Board of Revenue directs that the following further amendments, which shall apply to the assessments made for the year ending on the 31st day of March 1949 and subsequent years, shall be made in the Indian Income-tax Rules, 1922, the same having been previously published as required by sub-section (4) of the said section, namely :—

In rule 8 of the said Rules—

1. For the words, figures and brackets "An allowance under section 10 (2) (vi) of the Act in respect of depreciation of buildings, machinery, plant or furniture shall be made in accordance with the following statement," the following shall be substituted, namely :—

"The allowance under section 10 (2) (vi) of the Act in respect of depreciation of buildings, machinery, plant or furniture shall be at percentages of the written down value or original cost, as the case may be, equal to one-twelfth the number shown in the corresponding entry in the second column of the following statement :

Provided that if the buildings, machinery, plant or furniture have been used by the assessee in his business for not less than two months during the previous year, the percentage shall be increased proportionately according to the number of complete months of user by the assessee :

Provided further that in the case of a seasonal factory worked by the assessee during all the working seasons of the previous year, the percentage shall be increased as if the buildings, machinery, plant or furniture had been in use throughout the period the assessee was the owner thereof during the previous year."

2. In the statement—

(i) in the heading of the second column for the words "Percentage on the written down value" the following shall be substituted, namely :—

"Number on the basis of which the percentage is to be calculated on the written down value, except where otherwise indicated in the case of ocean-going steamers";

(ii) under the head "I Buildings", in the third column, for the words "Double these rates will be allowed" the words "Double these numbers will be taken" shall be substituted;

(iii) under the head "III Machinery and Plant," and sub-head "(3) Special rates to be applied to other machinery and plant"—

(a) in item (i) of group G, in the second column, for the words "The same rates" the words "The same numbers" shall be substituted;

(b) in item (i) of group I, in the third column, for the words "These rates are percentages on the original cost" the words "The allowance is to be calculated on the original cost" shall be substituted.

Circular No. 46 (3)-IT/47, dated 28th May 1948, issued by the Central Board of Revenue, New Delhi.

Under section 10 (2) (vi) of the Indian Income-tax Act, 1922, depreciation is allowable at a prescribed percentage of the written-down value of the buildings, machinery, plant or furniture used for the purposes of a business, and in the case of ocean-going ships, of the original cost. The rates of depreciation which are expressed as a percentage of the written-down value, are prescribed in rule 8 of the Indian Income-tax Rules, 1922.

These rates of depreciation were intended to be for a full period of twelve months' user. It has, however, been held by the Madras and Patna High Courts (*vide* 1946 Income-tax Rules 130 and 106), that under rule 8—as it stood before the amendment now made—the full rates of depreciation prescribed therein would be admissible even for broken periods of a year. That would mean that if an asset changes hands three times during one year, each of the parties which used the asset for a portion of that year, would be entitled to claim depreciation at full rates for each of the periods. As stated above, this was never intended.

Rule 8 has, therefore, been amended to obviate the possibility of depreciation being given at a rate higher than that which is rightly attributable to the actual period of the user in the previous year.

2. In the case of the industries which work only seasonally it is intended, however, that full depreciation allowance should be given if the machinery, etc., had been worked throughout the working seasons of the accounting year. This position is secured by the second proviso to rule 8 as amended.

3. The amendment is so worded as to obviate the necessity for meticulous calculations. The allowance should be calculated proportionately to the number of complete months of user. It is not intended that Income-tax Officers should be too meticulous in the calculation of the allowance on time-basis on minor conditions. On the main additions, however, the allowance should be calculated on a proportionate basis up to the nearest month.

4. In applying the rule as amended, Income-tax Officers should bear in mind the following points:

(1) The change made in rule 8 does not affect the initial depreciation which should be allowed in full for the whole year in all cases.

(2) In order to ascertain the complete months, the total number of days in the year on which the machinery, etc., was worked should be taken and depreciation should be allowed on the months completed. Thus if a factory worked 28 days in each month the total number of complete months would be 11 and depreciation allowance would be 11/12ths of the depreciation for the full year. The Income-tax Officer should not treat the number of complete months to be nil on the ground that the factory did not work for 30 days in any one month.

(3) The periods of labour trouble, such as strikes and lock-outs, during which the machinery, etc., had perforce to remain idle should *not* be excluded from the period for which depreciation would be admissible.

(4) Where the major part of the machinery was worked for the full year, and only a small part remained idle, depreciation should be allowed at the full rates admissible. In the case of a jute mill, for example, where 900 out of 1,000 looms were worked for the whole year, full depreciation should be allowed.

(5) In the case of seasonal factories which work for one season or only a part of a season, depreciation should be calculated as if the season or seasons constituted one complete year. Thus where a seasonal factory having, say, two seasons of two months each, worked for two months only, either for one full season or for one month in each season, the depreciation allowable would be 50 per cent. of that admissible for the full year and not 1/6th admissible on a time-basis.

(6) A by-product factory may have to remain closed for one entire season for economic reasons; or a tea factory may have to remain closed owing to "Blister Blight." In such cases proportionate depreciation only should be allowed.

5. It should be noted that the rule as amended is applicable to the assessment year 1948-49 and onwards. It is not applicable to earlier assessments in respect of which the depreciation allowable should be calculated as if the present amendment had not been made.

Copy of letter No. 138, dated 21st July 1948, from the Association to the Secretary, Central Board of Revenue, New Delhi.

Subject :—AMENDMENT TO RULE 8 OF THE INDIAN INCOME-TAX RULES, 1922.

Would you kindly refer to your circular No. 46 (3)-IT/47 dated the 28th May 1948 (circular No. 2 of 1948) on the above subject? When the notification announcing Government's intention of amending rule 8, in the manner it has been done, was published in the *Government Gazette*, the Association had submitted to you a representation (letter No. 138 dated the 24th February 1948) wherein your attention was drawn to the objectionable features of the amendment in question. It was pointed out in that representation that it would not be proper to allow depreciation only for the actual period of user if this was done under the impression that building, plant or machinery, standing idle, does not depreciate. It was further pointed out that, if such an argument is taken to its logical conclusion, then any machinery working three shifts, that is 22½ hours a day, must be allowed depreciation at about 2½ times the rate allowed for 8-hour working.

2. Your circular under reference explains that the intention of the amendment is merely to prevent more than one claim for depreciation at full rates being submitted within the same year, in the case of assets which have changed hands in the course of the year. My Committee have no objection to this intention of Government, but then it would be necessary to elucidate further, the procedure which has been prescribed in your circular under reference for calculating the rate of depreciation admissible to factories. It is presumed that for purposes of paragraph 4, sub-paragraphs (2) and (3) of that circular, the number of days worked by a factory is to be calculated as (a) the actual number of days worked, plus (b) the statutory holidays, plus (c) periods of closure due to labour trouble, such as strikes and lockouts, plus (d) periods of closure due to *force majeure*.

3. Unless this were the interpretation of the paragraphs under reference, a factory working for a full year would be unable to claim the full rate of depreciation for the reason that, after allowing the statutory holidays under the factory legislation, the average number of days worked in a year normally amounts to about 300. The Income-tax authorities surely do not contemplate that a factory working for a full year within the framework of the factory legislation should be debarred from claiming the full rate of depreciation allowance merely for the reason that the total number of days worked in a year are only 300, or 10/12ths of a year. Though the manner of calculation of days worked in a year, as set out in paragraph 2

above, obviously appears to be the correct interpretation, we would earnestly request you to explain this position by a circular to all Commissioners of Income-tax so that there should not be any misunderstanding on this score in the minds of the Income-tax Officers.

Letter No. C. No. 46 (3)-I.T./47, dated 11th August 1948, from the Central Board of Revenue to the Association.

Depreciation—Rule 8 of the Indian Income-tax Rules—Amendment of—Instructions regarding.

With reference to your letter No. 138 of 1948, dated the 21-7-1948, I am directed to say that the instructions contained in Board's circular No. 2 of 1948 (C. No. 46 (3)-IT/47, dated 28-5-1948) have since been amplified and a copy of the circular as amended is enclosed.

Amendment to Circular No. 2 of 1948 of the Central Board of Revenue dated the 28th May, 1948.

Add at the end of sub-para (2) of paragraph 4, the following words :

"The example given above is merely illustrative of how depreciation is to be computed where a factory does not work on all those days that would normally be *working days*. It is not the intention that Sundays or other *public holidays* on which the factory remains closed, should be excluded in computing the depreciation allowance admissible on the new basis."

APPENDIX 46.

ENQUIRY INTO FINANCES OF INDIAN STATES AND UNIONS OF STATES.

Copy of letter No. 1/2/I.S.F.E.C./48, dated 27th November 1948, from the Secretary, Indian States Finances Enquiry Committee, to the Association.

I am directed to enclose, for your information, a copy of Government of India (Ministry of States) Resolution No. 60-IB/48, dated 22nd October 1948, regarding the constitution of the Indian States Finances Enquiry Committee, and a copy of the Press Note in which the Committee have invited associations and the other members of the public on the various subjects covered by the terms of reference. I am to request that the views of your Association on matters covered by the terms of reference which are of interest to your Association, may kindly be forwarded to the undersigned in the form of a memorandum (with 4 spare copies) by the end of November 1948. If it is found difficult to prepare detailed or comprehensive memoranda at this stage, I am to suggest that the preliminary views of the Association may be forwarded immediately and followed up before the end of December 1948 by detailed memoranda on the various points at issue. It will also be appreciated if an indication is given as to whether your Association would desire to have an opportunity of giving oral evidence before the Committee in due course.

Copy of Government of India, Ministry of States' Resolution, dated 22nd October 1948.

No. F. 60-IB/48.—Pursuant to the decisions reached at a conference which was attended by representatives of Indian States, Unions of States and Provinces, the Government of India have decided that the loss, resulting from the sale of imported foodgrains in Indian States and Unions of States at prices fixed by the Government of India, should be

shared equally between the Governments of the States and Unions concerned and the Central Government. The Government of India have been pleased to grant this subsidy in addition to the bonus which they have already agreed to pay to the Governments of Indian States and Unions, exactly as in the case of Provinces, in respect of foodgrains procured in the States and Unions or exported by them to other parts of the country. This arrangement will hold good for the present till 31st March, 1949.

2. During the course of the discussions at the conference referred to above, the financial position consequent upon the integration of certain States into Unions of States came under review. There was general agreement that the existing taxation and financial structure in the Unions should be examined by a Committee of Experts, who should also make proposals regarding the sources and levels of taxation in the Unions, and the methods and machinery for their imposition, assessment and collection, having due regard to the requirements of modern standards of administration. It was, moreover, agreed that such an enquiry could, with advantage, be extended to the States which had not merged into Unions.

It was further agreed that the proposed Committee of Enquiry could also usefully consider and make recommendations concerning the question whether the States and Unions of States should not, in financial matters, be brought into a position similar to that of the Provinces, so that there might eventually emerge a uniform system of federal finance throughout India, and if so, to suggest the manner in which such an objective could best be achieved.

3. The Government of India have, after careful consideration, accepted these decisions; they are satisfied that an enquiry of the kind agreed to at the Conference would be in the best interests not only of the States and Unions, but also of the country as a whole. They have accordingly decided to constitute a Committee of Experts to enquire into the finances of Indian States and Unions of States, with the following terms of reference :—

“ To examine and report upon :

- (1) the present structure of Public Finance in Indian States and Unions of States ;
- (2) the desirability and feasibility of integrating Federal Finance in Indian States and Unions of States with that of the rest of India, to the end that a uniform system of Federal Finance may be established throughout the Dominion of India ;
- (3) whether, and if so, the extent to which, the process of so integrating Federal Finance in the Indian States and Unions with that of the rest of India should be gradual and the manner in which it should be brought about ; and the machinery required for this purpose, especially as regards the legislative groundwork and the administrative organisation necessary for the imposition, assessment and collection of Federal Taxes ;
- (4) the results of such a policy of integrating Federal Finance upon the finances of Indian States and Unions and the consequential financial adjustments and relations which should subsist between the Governments of the Indian States and Unions on the one hand and the Government of India on the other ;
- (5) the measures which the Committee may consider necessary and/or desirable for revising, in the light of present-day conditions and standards, and having regard to the requirements of modern administration, the structure of Provincial Finance and, in particular, the levels and sources of Provincial Revenues in Indian States and Unions of States ;
- (6) any other consequential and/or cognate matters which the Committee may consider as arising out of the foregoing terms of reference.”

4. The Government of India are pleased to appoint the following gentlemen as Members of the Committee :

Chairman.—Sir V. T. Krishnamachari, K.C.S.I., K.C.I.E., Diwan, Jaipur State.

Member.—Shri S. K. Patil, Member of the Constituent Assembly of India.

Member.—Mr. N. Dandekar, I.C.S.

The Government of India have no doubt that the Government of all States and Unions of States will afford all facilities and assistance to the Committee in conducting the enquiry. It is hoped that the Committee will complete its work before the end of April 1949.

Copy of Press note dated 6th November, 1948, issued by the Indian States Finance Committee (Ministry of States).

The Indian States Finance Enquiry Committee, the constitution of which was announced recently, held its first meeting on the 3rd November with Sir V. T. Krishnamachari as Chairman. The Committee has already called for preliminary material from the States and Unions and will decide its further programme after the material has been received and examined. In the meantime, the Committee would welcome communications before the end of November 1948, from non-officials, associations and other members of the public who may wish to offer any suggestions in connection with the proposed enquiry. All correspondence should be addressed to the Secretary of the Committee, Ministry of States, New Delhi.

Copy of letter No. 466, dated 5th January 1949, from the Association to the Secretary, Indian States Finance Enquiry Committee, Government of India, Ministry of States, New Delhi.

I am directed to acknowledge with thanks the receipt of your letter No. 1/Z/I.S.F.E.C./48, dated the 27th November 1948. My Committee have no special points to make except to emphasise that there should be uniformity in Indian States and Union as regards the level of taxation such as income-tax, super-tax, business profits tax, etc. Further, the tax collecting authority should be the same in the States and the Union to ensure prevention of double taxation.

Copy of letter No. F. 475 ISFEC/48, dated 11th January 1949, from the Secretary, Indian States Financial Enquiry Committee, to the Association.

I am directed to acknowledge with thanks the receipt of your letter No. 466, dated 5th January 1949. The views put forward by you will be placed before the Committee for their consideration.

APPENDIX 47.

THE BOMBAY SALES TAX (REPEAL AND ENACTMENT) ACT, 1948.

Copy of letter No. 405, dated 14th April 1948, from the Association to the Secretary to the Government of Bombay, Finance Department.

I am directed to invite your attention to Government notification No. 6506/33 S.T., dated the 1st April 1948, published in the *Bombay Government Gazette Extraordinary* of the same date, proposing certain amendments to the Bombay Sales Tax Rules, 1946. Any objections or suggestions in connection with this notification were required to be sent so as to reach Government on or before the 7th April 1948. As, however, the *Gazette* in question was received by this office in the evening of 7th April 1948, it was not possible for the Association to submit any suggestions within the prescribed time limit. I am, therefore, to express the hope that Government would take into consideration the Association's representation in this matter, even though it could not be sent within the time limit prescribed in the notification.

According to the revised section 6, rule I (iii), of the Sales Tax Act, sales or supplies of goods which are shown to the satisfaction of the Commissioner to have been despatched by, or on behalf of, the dealer to an address outside the Province of Bombay, or to have been removed to such address within such period as may be prescribed by, or on behalf of, the person purchasing the goods, would be exempted from sales tax. The proposed rule 5C prescribes a time limit of three months for this purpose. As Government are aware, due to the present acute transport difficulties, it has not always been possible to obtain transport facilities within a reasonable period. Further, in the case of the transport of cotton cloth, permits from the Textile Commissioner are required to be obtained, which introduces another factor of uncertainty and delay. My Committee, therefore, suggest that the period laid down in rule 5C be extended to six months.

APPENDIX 48.

EXEMPTION OF MILL CHAWLS FROM THE BOMBAY LAND REQUISITION ACT.

Copy of letter No. P-141/2585-N, dated 23rd July 1948, from the Secretary to the Government of Bombay, Health and Local Government Department, to the Association.

Subject :—BOMBAY LAND REQUISITION ACT, 1948—EXEMPTION FROM.

With reference to correspondence resting with your letter dated the 15th April 1948,* on the above subject, I am directed to inform you that Government has no objection to allotments in mill chawls being made by the mills to their own employees provided such allotments are made strictly according to conditions specified below :—

- (a) A Register showing the location of the tenements and the names of occupants should be maintained for each chawl.
- (b) A Register containing the names and addresses of employees who have applied for allotment of tenements should also be maintained.
- (c) The mills should also undertake to allot tenements to their employees as and when they become vacant in the order of registration.
- (d) In no case any tenement should remain unoccupied for more than a month.
- (e) Intimation of each allotment should be sent to Government within seven days of the allotment being made.

2. The permission granted is liable to cancellation for sufficient cause.

3. A list of all mill chawls together with their full addresses and showing number of tenements in each and the rent charged for each tenement should be furnished immediately for the information and record of this department.

Copy of letter No. 376-A, dated 27th July 1948, from the Association to the Assistant Secretary to the Government of Bombay, Health and Local Government Department, Bombay.

I acknowledge with thanks the receipt of your letter No. P-141/2585-N, dated the 23rd July 1948, regarding exemption of mill chawls from provisions of the Bombay Land Requisition Act, 1948. Your letter has been circulated to members of the Association with a request to send to you direct information required by you as per para 3 of your letter.

Circular No. 376-A, dated 27th July 1948, from the Association to all Members in Bombay.

On the promulgation of the Bombay Land Requisition Ordinance 1947 (which has since been converted into the Bombay Land Requisition Act, 1948), the Association had taken up with Government the question of exempting from the scope of the Act on certain conditions, chawls provided by mills to their employees. I reproduce below, for your information, the reply received from Government.

Members are requested carefully to go through the Government's letter, and strictly observe the conditions laid down therein in the matter of allotment of vacancies in the mill chawls to the mill employees. I also request you kindly to send direct to Government, information as per para 3 of Government's letter, with a copy to the Association.

Copy of letter No. S-E2/90, dated 11th September 1948, from the Svadeshi Mills Company, Limited, Bombay, to the Secretary to the Government of Bombay, Health and Local Government Department, Bombay.

We beg to invite reference to the correspondence you have had with the Millowners' Association on the above subject ending with your letter No. P-141/2585-N of the 23rd July 1948. In that letter you have enumerated certain conditions subject to which Government are prepared to permit allotments in mill chawls being made by the mills to their own employees. One of the conditions is that mills should undertake to allot tenements to their employees as and when they become vacant "in the order of registration" in a register of employees applying for allotment of tenements to be maintained by the mills.

We must point out that a strict observance of this condition of allotment according to priority of registration will create difficulties in the smooth running of the mills. There are certain classes of employees the nature of whose work is such that it is very desirable, if not absolutely essential, that they should reside in our mill chawls near the mill premises so that they may be available at a moment's notice. Such employees would include (1) boiler sarangs, (2) men of the fire brigade, (3) sepoy and staff of the watch and ward dept., (4) hydrants and sprinkler men, (5) electric motors men, (6) electric wiremen, etc. Owing to paucity of accommodation in our quarters some of these men are staying far away from our mills, and as it is only after long intervals that a room here or there falls vacant in our quarters, a strict enforcement of the condition about allotment according to priority of registration would mean that it would not be possible for us to arrange for these men to reside near the mills and we are sure you will agree with us that it is important that they should.

In view of what we have stated above, we shall be obliged if Government can see their way to make an exception in the case of employees the nature of whose duties requires residence near the mills so that priority can be given to them in the matter of allotment of tenements.

Copy of letter No. 376-A, dated 17th September 1948, from the Association to the Assistant Secretary to the Government of Bombay, Health and Local Government Department, Bombay.

I beg to forward herewith, for favourable consideration, a representation submitted by a member mill in connection with the allotment of tenements in mill chawls. In view of the facts stated therein, the Association will be obliged if Government could allow the necessary deviations from the conditions on which mills have been permitted to allot vacancies.

Circular No. 367-A, dated 20th December 1948, from the Association to all Members in Bombay.

Please refer to this office circular No. 376-A, dated the 27th July 1948, in which was reproduced a letter from the Government of Bombay laying down certain conditions on

which mills could make allotments to their employees of vacancies occurring in the mill chawls.

Subsequently, the Svadeshi Mills referred to one of the conditions of allotment, namely, that the tenements were to be allotted to employees as and when they became vacant, in the order of registration in the register of employees applying for allotment; and stated that a strict observance of this condition would create difficulties. They pointed out, it was absolutely essential that certain classes of employees like boiler sarangs, fire brigade men, watch and ward department staff, hydrant and sprinkler men, electric motor men, electric wire men, etc., should reside in mill chawls near the mill premises so that they might be available at a moment's notice. The mills, therefore, submitted that an exception might be made to the rule regarding allotments according to priority of registration, so that wherever possible, such employees could be given preference in making allotments.

This matter was represented to Government, and I reproduce below, for your information, the reply received from Government.

Copy of letter No. P-141-8691-P, dated 9th and 11th November 1948, from the Controller of Accommodation, Bombay, to the Association.

With reference to your letter No. 376-A, dated 17th September 1948, I am directed to state that Government is pleased to accord permission to allow Messrs. The Svadeshi Mills Company, Limited, to allot chawl rooms to employees, the nature of whose work is essential, with a priority to other employees.

You are requested to instruct them to intimate Government within seven days of such allotment, giving full particulars as to why the priority is given to a particular employee.

APPENDIX 49.

LICENSING OF EXPORT AND IMPORT BUSINESS HOUSES.

Copy of letter No. 45-C(25)/48, dated 4th May 1948, from the Under Secretary to the Government of India, Ministry of Commerce, New Delhi, to the Association.

It has been proposed to this Ministry that all business houses dealing in export or/and import to and from foreign countries in the Indian Dominion should be licensed by Government of India and that a licensing fee of Rs. 500 per annum should be imposed on business houses concerned with either import or export trade alone and double this fee should be charged from houses concerned with both export and import business.

The Government of India would greatly appreciate the assistance of your Association in formulating their decision in this matter. I am therefore directed to request that your views may please be communicated to this Ministry by 1st August 1948, at the latest. If no reply is received by that date it will be presumed that you have no views to communicate in this matter.

Copy of letter No. 170-C, dated 12th July 1948, from the Association to the Under Secretary to the Government of India, Ministry of Commerce, New Delhi.

I am directed to acknowledge the receipt of your letter No. 45-C(25)/48, dated the 4th May 1948, wherein you have referred to Government's proposal regarding the licensing of the import and export business houses, and the imposition of a licensing fee of Rs. 500 per annum.

The purpose for making this suggestion at this juncture has nowhere been explained in your letter under reference, and in the absence of any cogent reasons justifying these proposals, my Committee are of the opinion that the proposed licensing would mean an unnecessary interference with the normal business activity. My Committee are also totally opposed to the imposition of the licensing fee which, incidentally, has been pitched at an unwarrantedly high level, with no relation whatsoever to the profits which might be made by a business house.

When India is on the threshold of expansion of her industrial and commercial activity, and when an active encouragement of this expansion should be the first concern of the Government of the country, my Committee feel that the proposal which is calculated to fetter the normal trade activity, should not be accepted.

Copy of letter No. 45-CA(25)/48, dated 1st September 1948, from the Under Secretary to the Government of India, Ministry of Commerce, New Delhi, to the Association.

The undersigned^a is directed to draw your attention to this Ministry letter No 45-CA(25)/48, dated 4th May 1948, regarding imposition of licensing fees on export and import businesses and to say that the consideration of the proposal regarding the same has since been dropped.

APPENDIX 50.

ALLOCATION OF FINE SPINDLES TO MILLS.

- a. Report on the allocation of spindles to mills in the Bombay Province to go finer, out of the quota of 114,000 Spindles allotted to the Province of Bombay.*

Appointment of the Committee—The Government of Bombay were pleased to appoint a Committee, consisting of the following, to allocate spindles to the mills in the Bombay Province to go finer out of the quota of 114,000 spindles allotted to this Province. (*Vide* Government letter, General Department, No. 5549/33/G, dated 21st February, 1947.)

- (1) M. P. Kanga, Esq., Director of Industries, Bombay.
- (2) J. K. Thakore, Esq., Provincial Textile Controller, Bombay.
- (3) T. V. Baddeley, Esq., representative of Millowners' Association, Bombay.
- (4) Shantilal Mangaldas, Esq., representative of Millowners' Association, Ahmedabad.

2. *Terms of Reference.*—The terms of reference of the Committee were to obtain requirements of spindles for going finer from all the textile mills in the Province through the Millowners' Associations, Bombay and Ahmedabad, and examine the same in detail and submit a report to Government on the allocation of spindles out of the quota of 114,000 spindles allotted to the Province of Bombay.

3. *Number of Meetings Held.*—The Committee held in all three meetings. In the first meeting, which was an exploratory one, it was decided that the Textile Commissioner should be consulted with regard to the basis of allocation of spindles. This was done subsequently. In the second meeting the basis to be adopted for allocation was considered. A questionnaire was then drawn up and it was decided that this should be issued to all the mills through the Millowners' Associations, Bombay and Ahmedabad. The allocation of spindles was done in the third meeting.

4 *Procedure.*—In order to ascertain the requirements of the individual mills, a questionnaire (*vide* Appendix 'A'),* was sent to the mills through the Millowners' Associations, Bombay and Ahmedabad. The returns were then examined and the information was tabulated. The allocation of the spindles was made on the basis adopted by the Committee.

5 *Basis for Distribution.*—The Committee decided to allocate spindles on the following basis—

- (1) Only those mills who were spinning medium counts say, 36s to 40s, should generally be considered for allocation to enable them to go finer (i.e., 40s and above);
- (ii) sufficient spindles should be allotted to make as far as possible one or more full preparation.

6 *Returns Received.*—In all 57 applications were received in the prescribed form. Besides these, there were 12 applicants who had applied to Government previously but had not applied in the prescribed form to the Committee. They were requested through the Millowners' Associations, Bombay and Ahmedabad to submit their applications in the prescribed form. No replies were received from any of these mills till the date of the final meeting. The information supplied by the mills was tabulated for the information of the Members.

7. *Total Spindles Available for Distribution.*—The Committee was informed by the Chairman that only 66,000 spindles were available, out of the quota of 114,000 spindles, for distribution. The remaining 48,000 spindles were reserved by Government for new mills to be started in the interior of the Province. Messrs. Shantilal Mangaldas and T. V. Baddeley objected to the Government not allowing 48,000 spindles to be distributed to the existing mills as per the recommendations of the Post-war Planning Committee (Textiles). The Chairman explained that the Government of Bombay had already approached the Government of India in the matter and had decided to set aside some spindles for starting new mills in the interior so that yarn would be available to handloom weavers. In any case, 25 per cent. of the total spindleage would have to be left uncovered by looms so that free yarn would be available for the handloom industry.

Messrs. Shantilal Mangaldas and Baddeley suggested that the Committee should request Government to invite offers from the public for starting new mills by notifications in the Press (if it is ultimately decided by Government to set aside 48,000 spindles for starting new mills). The Chairman agreed to communicate these views to Government.

8 *Allocation* --The Committee scrutinised each application and allocated the spindles on the basis as mentioned in paragraph 5 above

9 *Re-Allocation of Spindles, if Necessary* —The Committee was of opinion that the Government of Bombay may advise the Textile Commissioner that if any of the mills do not agree to take the spindles allotted to them, the Government of Bombay will be at liberty to reallocate the spindles

10. *Spindles allotted but not taken up by other Provinces in India.*—The Committee is also of opinion that the Government of Bombay should request the Government of India to transfer to this Province the quota of spindles already allotted to other Provinces for expansion under the plan but not availed of by them.

Copy of letter No. Gen (Tex.)/756, dated 12th March 1948, from the Director of Industries, Bombay, to the Association.

I am directed to inform you that the Government of India in consultation with the Government of Bombay have been pleased to distribute 1,14,000 spindles to the mills in Bombay and Ahmedabad as well as four new mills in the districts as mentioned in the list

attached hereto, in furtherance of the recommendation of the Post-war Planning Committee (Textiles) for the expansion of the Indian Cotton Textile Industry in the post-war period.

Statement showing the Distribution of Fine Spindles to the mills in Bombay and Ahmedabad as Proposed by the Committee.

BOMBAY MILLS.

Serial No.	Name of the Mill.	No. of spindles allotted by the Committee.
1	Bradbury	3,500 against 10,000 applied for.
2	Elphinstone	3,500 " 5,220 "
3	New Great Eastern	2,958 " 2,958 "
4	Moon Mills	3,000 " 8,000 "
5	Hirjee Mills	3,000 " 10,000 "
6	Apollo Mills	3,000 " 6,450 "
7	Indian Manufacturing Co., Ltd.	3,544 " 3,554 "
	Total ..	22,500

AHMEDABAD MILLS.

Serial No.	Name of the Mill.	No. of spindles allotted by the Committee.
1	Hariballabhdas Moolechand	2,000
2	Ahmedabad Kaiser-I-Hind	2,000
3	Gopal	2,000
4	Maneckchowk	3,000
5	Malleshwari	2,000
6	Bihari	1,500
7	Bhalukia	3,000
8	Nagri	2,000
9	Bharat Suryodaya	3,000
10	Vijaya	2,000
11	Maneklal Hiratal	3,000
12	Marsden	3,000
13	Sarangpur No. 2	2,000
14	Commercial Mills	2,000
15	Girdhardas Harivallabhdas	2,000
16	Motogram	2,000
17	Jehangir Vakil	3,000
18	New Commercial	2,000
19	Asarwa	2,000
		43,500

Total spindles given to Bombay mills	22,500
Total spindles given to Ahmedabad mills	43,500
Total	66,000

Mills in the Districts.

Serial No.	Name of the Mill.	No. of spindles allotted by the Committee.
*1	R. C. Saptarshi, Esq., Advocate Ghumre Galli, Ahmednagar	12,000
*2	B. V. Bhoomraddi & Co., Bhailal Bhawan, 118, New Chincha Bunder Road, Bombay (for mill in Bijapur District)	12,000
*3	Maharashtra Finance Corporation Limited, 145, Sardargriha, Carnao Road, Bombay (for mill in Nasik District)	12,000
*4	Messrs. Satara Textiles Ltd., Keshav Nagar, Satara	12,000
	Total	1,14,000

* These spindles (48,000) were distributed to the above four parties, considering the importance of starting four new mills in the famine areas—Districts Ahmednagar, Bijapur, Nasik and Satara.

APPENDIX 51.

INDIAN CUSTOMS TARIFF.

Reprint of the First and Second Schedules appended to the Indian Tariff Act, XXXII of 1934 (as in operation on 1st April, 1949), showing the rates of Customs duties, including the additional duties levied under the Indian Finance Act, 1949, the Indian Tariff (Amendment) Act, 1949, the Protective Duties (Miscellaneous Provisions) Act, 1949, and the Cotton Textiles Fund Ordinance, 1944 (Central Ordinance No XXXIV of 1944), levied on goods imported into, and exported from, British India, together with (1) the tariff values fixed for certain articles under Government of India, Ministry of Commerce, Notification No 73-T (7) 48, dated the 22nd December, 1948, for the purpose of assessment of Customs duties with effect from the 1st January, 1949, (2) the rates of duty leviable on articles the produce or manufacture of Burma under Government of India, Finance Department (Central Revenues), Notification No. 39-Customs, dated the 7th June, 1941, as subsequently amended, (3) the rates of Excise duties leviable on articles produced or manufactured in British India, and (4) the rates of Cesses leviable on certain articles on export or otherwise and the Tariff values fixed for certain articles under Government of India, Ministry of Agriculture, Notification No F. 17 1/48-ST., dated the 26th June, 1948, as subsequently amended, for the purpose of assessment of the Agricultural Produce Cess with effect from the 1st July, 1948

Note 1—In the expression *ad valorem* used in these Schedules the reference is to "real value" as defined in section 30 of the Sea Customs Act, 1878 (VIII of 1878), unless an article has a tariff value assigned to it

Note 2—The tariff value specified in the second column of the First Schedule shall, unless otherwise expressly provided, apply whether the article is assessed to duty under the item specified in the corresponding entry in the first column or under any other item.

Note 3—The description of tariff valued articles in the second column follows the ordinary trade description and covers all reduced grades and mixtures unless they are specially provided for.

Note 4—In this publication, the expression "standard rate of duty" means, in the case of articles liable to preferential rates of duty, the standard rate of duty as opposed to the preferential rate, and in the case of other articles, the ordinary rate of duty

Note 5—Postal parcels, packets and letters on whose contents the total duty payable is not more than 12 annas, are exempt from payment of import duty

Note 6—The expression "Far East" covers China including Hongkong and Macao, Japan and the Japanese Empire, the Straits Settlements, Malaya, Thailand, French Indo-China, the Netherlands East Indies, Sarawak, British North Borneo, the Philippines, Burma and Ceylon

Note 7—The rates of duty shown in the Import Tariff Schedule are inclusive of the additional duties (i.e., surcharge) where leviable on certain articles under Section 5 of the Indian Finance Act, 1949

THE FIRST SCHEDULE—IMPORT TARIFF

Item No	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A. British Colony	Burma	
SECTION I							
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM							
1	ANIMALS, living, all sorts*		Free				
2	BACON AND HAM, not canned or bottled†	Revenue	25 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	
3	FISH, not otherwise specified‡	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i> .	
3(1)	FISH, salted, wet§	Revenue	Such rate or rates of duty not exceeding one rupee per Indian maund of 82-2/7 lbs avoirdupois weight as the Central Government may, by notification in the <i>Official Gazette</i> from time to time prescribe,* plus 6½ per cent <i>ad valorem</i> plus one-fifth of the total duty			Free	
	<i>Tariff values</i>	Rs. a p.					
		Per Indian maund					
	(I) Soorina	20 0 0					
	(II) Bangdas	6 0 0					
	(III) All other sorts	17 12 0					
3(2)	FISH, salted, dry§	Revenue	18 per cent <i>ad valorem</i>			Free	
3(3)	FISH, unsalted, dry§	Preferential revenue	36 per cent <i>ad valorem</i>		24 per cent <i>ad valorem</i> .	12 per cent <i>ad valorem</i> .	
	<i>Tariff value</i>	Rs. a p.					
		Per cwt.					
	Bondas	30 0 0					
3(4)	FISHMAWS, including shagally and sozille and sharklins§	Revenue	80 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i> .	
	<i>Tariff value</i>	Rs. a p.					
		Per cwt.					
	Sharklins from Arabian and Persian Gulf ports	14 0 0					

* The rate on the 1st January, 1949, and until further notice is annas 9½ per maund of 82-2/7 lbs. avoirdupois.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Bacon and Ham, not canned or bottled are exempt from payment of so much of the Customs duty leviable thereon, as is in excess of 25 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of Customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles specified in these items are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India

SCHEDULE I—IMPORT TARIFF—*concl.*

Item No.	Name of article	Nature of duty.	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma	
SECTION I— <i>concl.</i>							
LIVE ANIMALS AND PRODUCTS OF THE ANIMAL KINGDOM— <i>concl.</i>							
	GHEE	Revenue	80 per cent <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
	Tariff value— Ghee	Rs. a p. Per cwt 180 0 0					
4(1)	MILK, condensed or preserved, including milk cream, but excluding dried skim milk, that is to say, dried milk powder containing not more than 4 per cent of fat and no added ingredients.	Revenue	25 per cent <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
4(2)	DRIED SKIM MILK, that is to say, dried milk powder containing not more than 4 per cent of fat and no added ingredients	Revenue	Free				
4(3)	STERILISED CREAM	Revenue	25 per cent. <i>ad valorem</i> .			10 per cent. <i>ad valorem</i> .	
4(4)	BUTTER	Revenue	25 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	
	Tariff value— Butter	Rs a p Per lb 2 2 6					
4(5)	CHEESE	Revenue	25 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
	CORAL, unprepared		80 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
5(1)	COWRIES AND SHELLS*	Revenue	80 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
	Tariff values	Rs a p Per thousand					
	Chanks						
	Sound, live	90 0 0					
	Sound, dead	60 0 0					
	Other sorts	15 0 0					
		Per cwt					
	Cowries, hazai, common	14 0 0					
	Cowries, yellow, superior quality	15 0 0					
	Cowries, mottled, commonly known as Zillah, Tiger and similar other qualities	14 0 0					
	Cowries, Maldives	22 0					
	Cowries, Saikhili	140 0					
	Mother-of-pearl, naere	28 0					
	Nakhla	500 0					
		Per lb					
	Tortoise-shell	11 0					
	Tortoise-shell, nakhi	1 14					
5(2)	IVORY, manufactures	Preferential revenue	86 per cent <i>ad valorem</i>		24 per cent. <i>ad valorem</i> .	12 per cent. <i>ad valorem</i>	
	Tariff values—	Rs. a p Per cwt.					
	Elephants' grinders	350 0 0					
	Elephants' tusks (other than hollows, centres, and points), each exceeding 20 lbs. in weight, and hollows, centres and points each weighing 10 lbs and over						
	Elephants' tusks (other than hollows, centres, and points), not less than 10 lbs and not exceeding 20 lbs each, and hollows, centres, and points each weighing less than 10 lbs						
	Elephants' tusks each less than 10 lbs (other than hollows, centres, and points)						
	Sea-cow or moose teeth, each not less than 4 lbs.	300 0 0					
	Sea-cow or moose teeth, each not less than 3 lbs. and under 4 lbs	240					
	Sea-cow or moose teeth, each less than 3 lbs	140					
SECTION II.							
PRODUCTS OF THE VEGETABLE KINGDOM.							
6	PLANTS, LIVING, not otherwise specified		Free				
6(1)	RUBBER STAMPS		Free				
7	VEGETABLES, all sorts, fresh, dried, salted or preserved, not otherwise specified † †	Preferential revenue	86 per cent <i>ad valorem</i>		24 per cent. <i>ad valorem</i> .	Potatoes and Onions— 5 per cent. <i>ad valorem</i> ; all others 12 per cent. <i>ad valorem</i> .	

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, these articles are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Dehydrated vegetables, all sorts, other than tomatoes, onions, potatoes and cauliflowers are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles specified in these items are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma.	
SECTION II—contd							
PRODUCTS OF THE VEGETABLE KINGDOM—contd							
7(1)	DEHYDRATED VEGETABLES, all sorts, other than tomatoes, onions, potatoes and cauliflowers	Preferential <i>enue</i>	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>	10 per cent <i>ad valorem</i> .		
8	FRUITS, all sorts, fresh, or preserved, not otherwise specified * † ‡	Preferential <i>enue</i>	36 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>	12 per cent. <i>ad valorem</i> .		
	<i>Tariff values</i>						
	Almonds		Rs a p Per cwt				
	(a) Without shell		130 0 0				
	(b) In the shell—						
	(a) Iranian Kagazi		80 0 0				
	(b) Iranian other than Kagazi		50 0 0				
	Cashew or caju kernels, not skinned		39 0 0				
	Coconuts, Ceylon		Per thousand				
	Coconuts, other, except Maldives		120 0 0 115 0 0				
	Dates, dry, excluding seedless—		Per cwt				
	Shekka or Shukeria, Sakina and Bram		39 0 0				
	Kapokpa, Chibarra, Chupchap, Sorli, Omani and Blatni		30 0 0				
	All other qualities		15 0 0				
	Dates, wet, in bags, baskets and bundles		15 0 0				
	Dates, wet, packed in other receptacles		32 0 0				
	Figs, dried, Iranian		15 0 0				
	Pistachio nuts		130 0 0				
	Raisins, red, Persian Gulf		37 0 0				
8(1)	CURRENTS*	Revenue	Rs 1-0 per cwt				
8(2)	FRUIT direct (salted and all other kinds) not otherwise specified	Preferential	36 per cent <i>ad valorem</i>	24 per cent. <i>ad valorem</i>	10 per cent. <i>ad valorem</i>		
	<i>Tariff values</i>		Rs a p Per cwt				
	Figs direct Iranian		15 0 0				
8(3)	FRUITS, candied and crystallised	Protective	80 per cent <i>ad valorem</i>		60 per cent <i>ad valorem</i>		March 31st, 1951.
8(4)	APPLES AND PEARS, fresh	Preferential <i>rev- enue</i>	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>	10 per cent <i>ad valorem</i>		
8(5)	PRUNES AND GRAPES, fresh	Preferential <i>rev- enue</i>	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>	10 per cent <i>ad valorem</i>		
9	COFFEE, not otherwise specified	Preferential <i>rev- enue</i>	25 per cent <i>ad valorem</i> plus one anna per pound plus one-fifth of the total duty	30 per cent <i>ad valorem</i>	10 per cent <i>ad valorem</i>		
9(1)	COFFEE, canned or bottled	Preferential <i>rev- enue</i>	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>	12 per cent <i>ad valorem</i>		
9(2)	TEA	Preferential <i>rev- enue</i>	Six annas per pound	Three and three-fifths annas per pound	Two and two-fifths annas per pound		
9(3)	THE FOLLOWING SPICES, whether ground, namely—						
	Cadamoms, cinnamon, cloves, mace and pepper	Preferential <i>rev- enue</i>	54 per cent <i>ad valorem</i>	45 per cent <i>ad valorem</i>	10 per cent. <i>ad valorem</i> .		
	<i>Tariff values—</i>		Rs a p Per cwt				
	Spices, unground—						
	Cloves (other than exhausted)		64 0 0				
	Nutmegs in the shell		Per lb 1 12 0				
	Nutmegs without shell		2 12 0				
9(4)	THE FOLLOWING UNGROUND SPICES, namely—						
	Chillies, ginger and mace ‡	Preferential <i>rev- enue</i>	36 per cent <i>ad valorem</i>	27 per cent <i>ad valorem</i>	12 per cent. <i>ad valorem</i> .		
	<i>Tariff value—</i>		Rs a p Per lb				
	Mace, unground		5 0 0				

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, raw cashew-nuts are exempt from payment of import duty.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 81-Customs, dated the 6th July, 1948, Apples, Pears, Prunes and Grapes, fresh, are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, as subsequently amended, Fresh fruits are exempt from the payment of customs duty leviable thereon, provided they are the produce of Pakistan and are imported therefrom into any Province of India.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Currants are exempt from payment of so much of the customs duty leviable thereon, as is in excess of Rs. 1 per cwt. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

|| Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently; Black Brick tea, the produce of China, when imported at Calcutta from a port in Burma, is exempt from payment of import duty.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Chillies and Ginger, and Flour not otherwise specified and seeds all sorts not otherwise specified are exempt from the payment of customs duty leviable thereon provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom	A British Colony	Burma	
SECTION II— <i>contd.</i>							
PRODUCTS OF THE VEGETABLE KINGDOM— <i>contd.</i>							
9(5)	BETELNUTS	Preferential revenue	Seven annas and six pies per lb.		Seven annas per lb.	20 per cent. <i>ad valorem</i>	
9(6)	VANILLA BEANS *	Revenue	20 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
9(7)	CASIA†, LIGNEA, ground or unground	Preferential revenue	50 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i>	10 per cent. <i>ad valorem</i>	
10	GRAIN AND PULSE, not otherwise specified, including broken grains and pulse, but excluding flour		Free				
10(1)	WHEAT	Revenue	Free			Free	
10(2)	RICE		Free				
11	FLOUR, not otherwise specified ‡	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
11(1)	WHEAT FLOUR	Revenue	Free				
11(2)	SAGO FLOUR		Free				
11(3)	SAGO, TAPIOCA AND TAPIOCA FLOUR	Preferential revenue	36 per cent. <i>ad valorem</i>		<i>ad val.</i>	12 per cent. <i>ad valorem</i>	
11(4)	STARON	Protective	18 per cent. <i>ad valorem</i>				March 31st, 1950.
11(5)	FARINA	Revenue	18 per cent. <i>ad valorem</i>				
12	SEEDS, all sorts, not otherwise specified §, ¶	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
12(1)	OILSEEDS, imported into British India by sea from the territories of any Prince or Chief in India						
12(2)	OILSEEDS, non-essential, all sorts, not otherwise specified, including copra or coconut kernel %	Preferential revenue	36 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
	<i>Tariff value—</i>		Rs. a. p.				
	Poppy seeds		Per cwt. 45 0 0				
12(3)	RUBBER SEEDS		Free				
12(4)	HOPS		Free				
12(5)	FODDER, BRAN AND POLLARDS†	Revenue	3 per cent. <i>ad valorem</i>			Free	
12(6)	GRASS AND CLOVER SEEDS	Revenue	15 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
13	DYING AND TANNING SUBSTANCES, all sorts, not otherwise specified. ¶ §§*	Revenue	30 per cent. <i>ad valorem</i>			Free	
	<i>Tariff values—</i>		Rs. a. p.				
	Gallnuts		Per cwt. 150 0 0				
13(1)	BARKS FOR TANNING † †	Revenue	3 per cent. <i>ad valorem</i>				
13(2)	CUTCH AND GAMBIR, all sorts	Preferential revenue	36 per cent. <i>ad valorem</i>			per cent. <i>ad valorem</i>	
13(3)	GUMS, RESINS AND LAC, all sorts, not otherwise specified		30 per cent. <i>ad valorem</i>				
	<i>Tariff values—</i>		Rs. a. p.				
	Gum glibanum or frankincense		Per cwt. 30 0 0				
	Gum Iranian (false)		25 0 0				
	Myrrh, excluding cleaned and sifted Myrrh		70 0 0				

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Vanilla beans are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Cassia, Lignea, ground or unground is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Cloves and Ginger, and Flour not otherwise specified, are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Grass and clover seeds are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 15 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

¶ Under Government of India, Finance Department (Revenue Division), Notification No. 5-Customs, dated the 15th March, 1947, Cocoa beans imported into British India are exempt from payment of the customs duty leviable thereon.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Seeds, all sorts, not otherwise specified, Oilseeds, non-essential, all sorts not otherwise specified, but excluding copra, coconut kernel and poppy seeds; Fodder, bran and pollards; Dyeing and tanning substances, all sorts, not otherwise specified; and Barks for tanning are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Coshineal is exempt from payment of so much of the customs duty leviable thereon as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

** Under Government of India, Finance Department (Central Revenues), Notification No. 1-Customs, dated the 9th March, 1946, tanning extracts required for the tanning industry are exempt from payment of the customs duty leviable thereon.

†† Under Government of India, Finance Department (Central Revenues), Notification No. 17-Customs, dated the 25th August, 1945, barks for are exempt from payment of the customs duty leviable thereon.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma	
SECTION II—concl'd							
PRODUCTS OF THE VEGETABLE KINGDOM—concl'd							
13(4)	GUMS, Arabic, Benjamin (raw and cowrie) and Dammer (including unrefined batus)	Preferential revenue	36 per cent <i>ad valorem</i>		24 per cent <i>ad valorem</i>	Free	
	<i>Tariff value</i>						
	Arabic gums, other than ground, including gum Arabic, gum Senegal and gum African but excluding gums cleaned and sifted		Rs a p Per cwt 41 0 0				
13(5)	STICK OR SAEED LAC		Free				
13(6)	OPIMUM	Revenue	Rs 30 per seer of 80 tolas or 18½ per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty			Free	
13(7)	CINCHONA BARK		Free				
13(8)	COCHINEAL	Revenue	20 per cent. <i>ad valorem</i>				
13(9)	ROBIN	Preferential revenue	24 per cent <i>ad valorem</i>		24 per cent <i>ad valorem</i>	Free	
	CANES AND RATTANS*	Revenue	30 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
SECTION III.							
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION, PREPARED ALIMENTARY FATS, WAXES OF ANIMAL OR VEGETABLE ORIGIN							
	ALL SORTS OF WAX, GREASE AND ANIMAL FAT, not otherwise specified † ‡	Revenue	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	
	<i>Tariff values—</i>						
	Lubricating grease		Rs a p. Per lb 0 9 0				
	Petroleum jelly, white		0 7 6				
	Petroleum jelly, all other sorts		0 5 6				
	N B—The tariff values apply to articles packed in containers of not less than 14 lbs						
15(1)	LARD, not canned or bottled	Revenue	30 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
15(2)	BEESWAX*	Revenue	30 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
15(3)	TALLOW		Free				
15(4)	FISH OIL, including whale oil, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
15(5)	FISH OIL AND WHALE OIL, hardened or hydrogenated †	Revenue	Rs 10 per cwt			Free	
15(6)	VEGETABLE NON-ESSENTIAL OILS, not otherwise specified **	Preferential revenue	42 per cent <i>ad valorem</i>		30 per cent <i>ad valorem</i> .	18 per cent <i>ad valorem</i> .	
15(7)	THE FOLLOWING VEGETABLE NON-ESSENTIAL OILS, namely, coconut, groundnut and linseed. † ‡	Preferential revenue	42 per cent <i>ad valorem</i>		30 per cent. <i>ad valorem</i>	18 per cent <i>ad valorem</i> .	
	<i>Tariff value—</i>						
	Linseed Oil, raw or boiled		Rs a. p. Per Imperial gallon 5 8 0				
	N B—The tariff value applies to articles packed in containers of not less than 14 lbs						
15(8)	ALL SORTS OF ANIMAL OILS, not otherwise specified † ‡	Revenue	30 per cent <i>ad valorem</i> .			12 per cent. <i>ad valorem</i> .	

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, canes, rattans, and bees-wax are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Mineral grease, including petroleum jelly are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 27 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Stearins are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Fish oil and Whale oil hardened or hydrogenated, are exempt from payment of so much of the customs duty leviable thereon, as is in excess of Rs. 10 per cwt. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

** Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Tung oil is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

†† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, the duty leviable on linseed oil at the standard rate is 30 per cent *ad valorem*.

‡‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Neatsfoot oil is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 15 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma	
SECTION III— <i>concl.</i>							
FATTY SUBSTANCES, GREASES, OILS AND PRODUCTS OF THEIR DECOMPOSITION; PREPARED ALIMENTARY FATS, WAXES OF ANIMAL OR VEGETABLE ORIGIN— <i>concl.</i>							
15(9)	MINERAL GREASE, including petroleum jelly	Revenue	27 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
15(10)	STEARINE	Revenue	25 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
15(11)	TUNG OIL	Preferential revenue	30 per cent. <i>ad valorem</i>		30 per cent. <i>ad valorem</i> .	15 per cent. <i>ad valorem</i> .	
15(12)	NEATFOOT OIL	Revenue*	15 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
SECTION IV.							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES, BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS, TOBACCO							
16	CANNED OR BOTTLED BACON, HAM AND LARD*	Revenue	25 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
16(1)	FISH, canned,† other than canned sardines and pilchards	Revenue	20 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
16(2)	ISINGLASS, canned or bottle	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
16(3)	SARDINES AND PILCHARDS, canned	Revenue	20 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
17	SUGAR, excluding confectionery	Protective	The rate at which excise duty is for the time being leviable on sugar, other than <i>khandasari</i> or palmyra sugar, produced in British India ‡ plus Rs. 6-12 per cwt plus one-fifth of the total duty			The rate at which excise duty is for the time being leviable on sugar, other than <i>khandasari</i> or palmyra sugar produced in British India ‡	March 31st, 1950.
17(1)	MOLASSES	Revenue	37½ per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
17(2)	CONFECTIONERY	Revenue	60 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
17(3)	SUGAR-CANDY	Revenue	Rs. 12-9-3/5 per cwt			Free	
18	COCOA AND CHOCOLATE, other than confectionery	Protective	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	March 31st, 1950
	BISCUITS, CAKES, AND FARINACEOUS AND PATENT FOODS, canned or bottled	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
	VEGETABLE PRODUCT, PICKLES, CHUTNIES, SAUCES, KETCHUPS AND CONDIMENTS, canned or bottled	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
	<i>Tariff value</i>		Rs. s. d. Per lb.				
	Vegetable product (excluding hardened coconut oil)		0 12 0				
20(1)	FRUIT JUICES, SQUASHES, CORDIALS AND SYRUPS, not otherwise specified—						
	(a) manufactured in a British Colony	Protective	30 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	March 31st, 1951.
	(b) not manufactured in a British Colony	Protective	40 per cent. <i>ad valorem</i>				March 31st, 1951
20(2)	VEGETABLES, canned or bottled, the following, namely, tomatoes, potatoes, onions and cauliflowers.* * ‡	Preferential revenue	36 per cent. <i>ad valorem</i>		24 per cent. <i>ad valorem</i> .	10 per cent. <i>ad valorem</i> .	
20(3)	FRUITS, canned or bottled, not otherwise specified --						
	(a) manufactured in a British Colony	Protective	50 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	March 31st, 1951.
	(b) not manufactured in a British Colony	Protective	60 per cent. <i>ad valorem</i>				March 31st, 1951.

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Canned or bottled bacon, ham and lard are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Fish, canned, is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

‡ The rate of excise duty on the 1st January, 1949, and until further notice, on sugar, other than *khandasari* or palmyra sugar, produced in any factory in British India and either issued out of, or used within, such factory is Rs. 3 per cwt. The rate of excise duty on *khandasari* sugar produced in any factory in British India and issued out of such factory is eight annas per cwt.

** Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Asparagus, canned is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 24 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Vegetables, canned, all sorts, other than tomatoes, onions, potatoes and cauliflowers are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva, on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

SCHEDULE I—IMPORT TARIFF *contd*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom.	A British Colony	Burma	
SECTION IV - <i>contd</i>							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES, BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS, TOBACCO— <i>contd</i>							
20(4)	JAMS, JELLIES AND MARMALADES, canned or bottled					10 per cent. <i>ad valorem</i>	March 31st, 1951
20(5)	JUICES, either individually or in mixture, of the following fruits, namely, apricots, berries, grapes, pineapples, plums and prunes—					10 per cent. <i>ad valorem</i>	
	(a) manufactured in a British Colony	Protective	34 per cent. <i>ad valorem</i>				March 31st, 1951
	(b) not manufactured in a British Colony	Protective	Rate of duty applicable to British Colony plus 6 per cent. <i>ad valorem</i>				March 31st, 1951
20(6)	APPARATUS, canned	Preferential revenue	24 per cent. <i>ad valorem</i>	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i>	
20(7)	VEGETABLES, canned or bottled, all sorts, other than tomatoes, potatoes, onions and cauliflower	Preferential revenue	30 per cent. <i>ad valorem</i>	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i>	
20(8)	CANNED FRUITS, the following, namely, apricots, berries, grapes, plums and prunes, and fruit salads composed not less than 80 per cent. in quantity and in value of the above named fruits—						
	(a) manufactured in a British Colony	Protective	64 per cent. <i>ad valorem</i>				March 31st, 1951
	(b) not manufactured in a British Colony	Protective	Rate of duty applicable to British Colony plus 6 per cent. <i>ad valorem</i>				March 31st, 1951
20(9)	PINEAPPLES, canned—						
	(a) manufactured in a British Colony	Protective	62 per cent. <i>ad valorem</i>				March 31st, 1951
	(b) not manufactured in a British Colony	Protective	Rate of duty applicable to British Colony plus 8 per cent. <i>ad valorem</i>				March 31st, 1951
21	CANNED OR BOTTLED PROVISIONS not otherwise specified * †	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
21(1)	PROVISIONS AND OILMAN'S STORES AND GROCERIES, all sorts, not otherwise specified ‡ §		30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
	<i>Tariff value</i>	<i>Rs. a p.</i>	<i>Per cent.</i>				
	Cocum		21 0 0				
		<i>Per lb.</i>					
	Vegetable product (excluding hardened coconut oil, not canned or bottled)		0 6 0				
21(2)	ALL SORTS OF FOOD, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
21(3)	GLUCOSE, other than glucose prepared for medicinal purposes	Protective	30 per cent. <i>ad valorem</i>				March 31st, 1950
21(4)	MEAT, canned	Revenue	20 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
21(5)	RENNET ESSENCE	Revenue	20 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
21(6)	SOUPS, canned or bottled	Revenue	25 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
21(7)	BLENDED FLAVOURING CONCENTRATES for preparation of non-alcoholic beverages	Revenue	30 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
21(8)	MEAT, frozen		20 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
21(9)	SOUPS, all sorts, not otherwise specified	Revenue	25 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
22	ALL SORTS OF DRINK, not	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>	
22(1)¶							
22(2)	ALE, BEER, PORTER, UNBOTTLED, not fermented liquors					The rate at which excise duty is leviable at the place of importation plus a sum equal to the duty	
	(a) In barrels or other containers containing		Five gallons				
	(b) In bottles containing less than 27 ozs. but not less than 20 ozs.	Revenue	Five annas per bottle				
	(c) In bottles containing less than 134 but not less than 10 ozs.	Revenue	2 annas and 6 p. per bottle				

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Meat, canned, and Rennet essence are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Soups, canned or bottled, are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Meat, frozen, is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Soups, all sorts, not otherwise specified, are exempt from payment of so much of the customs duty leviable thereon as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

¶ There is no entry bearing Item No. 22(1)

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom	A British Colony	Burma.	
SECTION IV— <i>contd.</i>							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES, BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS TOBACCO— <i>contd.</i>							
	(d) In bottles containing less than 6½ ozs. but not less than 5 ozs.	Revenue	anna 3 plus per bottle				
	(e) In other containers*	Revenue	Rs. 2-8-0 per Imperial gallon				
22(8)	WINES, not containing more than 42 per cent of proof spirit†—						The rate at which excise duty is leviable at the place of importation
	(a) Champagne and other sparkling wines	Revenue	Rs. 16-8-0 per Imperial gallon.				
	(b) Other sorts	Revenue	Rs. 9-8-0 per Imperial gallon.				
22(4)	SPIRITS (other than denatured spirit) —						The rate at which excise duty is leviable at the place of importation plus a sum equal to the total duty
	(a) Brandy, gin, whisky and other sorts of spirits not otherwise specified, including wines containing more than 42 per cent of proof spirit	Revenue	Rs. 75-0-0 per Imperial gallon of the strength of London proof				
	(b) Liqueurs, cordials, mixtures and other preparations containing spirit not otherwise specified —						
	(i) entered in such a manner as to indicate that the strength is not to be tested	Revenue	Rs. 100-0-0 per Imperial gallon				
	(ii) not so entered		Rs. 75-0-0 per Imperial gallon of the strength of London proof				

PROVIDED THAT—

- (a) the duty on any article included in this item shall in no case be less than the duty which would be charged if the article were liable to a duty of 50 per cent *ad valorem*;
- (b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof

22(5)	SPIRITS —						
	(a) Bitters —						The rate at which excise duty is leviable at the place of importation
	(i) entered in such a manner as to indicate that the strength is not to be tested	Preferential revenue.	Rs. 73-2-0 per Imperial gallon		Rs. 67-8 per Imperial gallon		
	(ii) not so entered	Preferential revenue.	Rs. 55-5-0 per Imperial gallon of the strength of London proof		Rs. 50-10 per Imperial gallon of the strength of London proof		
	(b) Drugs and medicines containing spirits‡ —						
	(i) entered in such a manner as to indicate that the strength is not to be tested	Preferential revenue	Rs. 48-0-0 per Imperial gallon	Rs. 43 3¼ per Imperial gallon	Rs. 43-3¼ per Imperial gallon		
	(ii) not so entered	Preferential revenue	Rs. 34-12½ per Imperial gallon of the strength of London proof	Rs. 31 3¼ per Imperial gallon of the strength of London proof	Rs. 31-3¼ per Imperial gallon of the strength of London proof		

* Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1951, as amended subsequently, ale and beer in containers other than bottles are exempt from so much of the duty as is in excess of the duty that would have been leviable if such containers were bottles.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, the undermentioned articles are exempt from payment of so much of the customs duty leviable thereon as is in excess of the rates specified against each —

Wines not containing more than 42 per cent of proof spirit—

(a) Champagne and other sparkling wines

Rs. 16-8 per Imperial gallon

(b) Other sorts

Rs. 9-8 per Imperial gallon.

These exemptions are granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, the undermentioned articles are exempt from payment of so much of the customs duty leviable thereon, as is in excess of the rates specified against each of them —

Spirits—

(a) Bitters—

(i) entered in such a manner as to indicate that the strength is not to be tested

Rs. 73-2 per Imperial gallon.

(ii) not so entered

Rs. 55-5 per Imperial gallon of the strength of London proof.

(c) Perfumed Spirits

Rs. 60 per Imperial gallon or 25 per cent *ad valorem* whichever is higher plus one-fourth of the total duty.

(d) Rum

Rs. 55-5 per Imperial gallon of the strength of London proof.

N.B.—Provided that—

- (a) On any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 20 per cent. *ad valorem*, and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 30 per cent. *ad valorem*.
- (b) Where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof.

The above exemptions are granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

§ If the duty is levied under proviso (a) to Item No. 22(5), the alternative *ad valorem* rates should be 24 per cent. and 36 per cent. respectively.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Ayurvedic drugs and medicines (including those containing spirit) are exempt from this payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION IV.—concl'd							
PRODUCTS OF THE FOOD-PREPARING INDUSTRIES, BEVERAGES, ALCOHOLIC LIQUORS AND VINEGARS, TOBACCO.—concl'd							
	(c) Perfumed spirits	Revenue	Rs 80-0-0 per imperial gallon or 25 per cent <i>ad valorem</i> , whichever is higher plus one-fourth of the total duty				
	(d) Rum	Preferential revenue	Rs 55-5-0 per imperial gallon of the strength of London proof		Rs. 50-10 per imperial gallon of the strength of London proof		
PROVIDED THAT							
(a) on any article chargeable under this item with the lower rate of duty, the duty levied shall in no case be less than 10 per cent <i>ad valorem</i> , and on any article chargeable under this item with the higher rate of duty, the duty levied shall in no case be less than 45 per cent <i>ad valorem</i> ;							
(b) where the unit of assessment is the Imperial gallon of the strength of London proof, the duty shall be increased or reduced in proportion as the strength is greater or less than London proof							
22(6)	DENATURED SPIRIT	Revenue	11½ per cent <i>ad valorem</i>			Free	
22(7)	VINEGAR IN CASKS	Revenue	8 per cent <i>ad valorem</i>			Free	
23	OILCACKS *	Revenue	30 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
24	TOBACCO manufactured not otherwise specified	Revenue	Rs 16-4 per lb				
24(1)	CIGARS	Revenue	37½ per cent <i>ad valorem</i> plus Rs. 15-10-0 per lb			10 per cent <i>ad valorem</i>	
24(2)	CIGARETTES	Revenue	37½ per cent <i>ad valorem</i> plus Rs. 30-1-0 per 1,000 or Rs. 15-10-0 per lb whichever is higher				
24(3)	TOBACCO unmanufactured **	Preferential revenue	Rate of duty not exceeding the preferential rate which would have been applicable to the product if it had been of British colonial origin		Rs 9-6 per lb	10 per cent <i>ad valorem</i> .	
SECTION V.							
MINERAL PRODUCTS							
25	CHINA CLAY	...	Free				
25(1)	SALT, excluding salt exempted under item No 25 (2)	Revenue	The rate at which excise duty is for the time being leviable on salt manufactured in the place where the import takes place †				
25(2)	SALT IMPORTED INTO BRITISH INDIA AND ISSUED, in accordance with rules made with the previous sanction of the Central Government for use in any process of manufacture, also salt imported into the port of Calcutta and issued with the sanction of the Central Government to manufacturers of glazed stoneware; also salt imported into any port in the provinces of Bengal and Bihar and Orissa and issued, in accordance with rules made with the previous sanction of the Central Government for use in curing fish in those provinces		Free				
25(3)	THE FOLLOWING BUILDING AND ENGINEERING MATERIALS, namely: "chalk, lime and clay" *	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i> .	
25(4)	CEMENT, not otherwise specified	Preferential revenue	36 per cent <i>ad valorem</i>	24 per cent. <i>ad valorem</i> .		12 per cent. <i>ad valorem</i> .	
25(5)	PORTLAND CEMENT excluding White Portland cement	Revenue	Rs. 16-8 per ton			12 per cent. <i>ad valorem</i>	
25(6)	STONE prepared as for road metalling		Free				
25(7)	MARBLE AND STONE, not otherwise specified ‡	Revenue	30 per cent <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, oilcacks are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Finance Department (Revenue Division), Notification No. 1-Customs, dated the 28th February, 1947, salt specified in this item and imported by sea into British India is exempt from customs duty leviable thereon.

‡ Under Government of India Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935 sandstone is exempt from payment of import duty

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles specified in these items are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 45-Customs, dated the 23rd October, 1948, ball clay, when imported into any Province of India, is exempt from the payment of customs duty leviable thereon.

** Under Government of India, Ministry of Finance (Revenue Division), Notification No. 43-Customs, dated the 18th June 1949, unmanufactured tobacco produced in Pakistan, and imported therefrom into any Province of India, is exempt from the payment of so much of the Customs duty leviable thereon as is in excess of the excise duty for the time being leviable on similar tobacco produced in India, provided that (i) the importer of such tobacco is a person duly licensed as a wholesale dealer in unmanufactured tobacco under rule 174 of the Central Excise Rules, 1944; and (ii) the tobacco, after assessment, shall be subject to the procedure laid down in the said Rules in regard to storage, sale and transport, as if it were unmanufactured tobacco produced in India.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty.	Standard rate of duty	Preferential rate of duty in the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom.	A British Colony	Burma	
SECTION V <i>contd.</i>							
MINERAL PRODUCTS— <i>contd.</i>							
26	METALLIC ORES, all sorts, except ochres and other pigment ores		Free				
27	COAL, COKE AND PATENT FUEL*	Revenue	Twelve annas per ton				
27(1)	ASPHALT†	Preferential revenue	30 per cent <i>ad valorem</i>	18 per cent <i>ad valorem</i>	5 per cent <i>ad valorem</i>		
27(2)	PITCH AND TAR, not otherwise specified ‡	Revenue	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
27(3)	ALL SORTS OF MINERAL OILS not otherwise specified.§ ¶		27 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
Tariff values		Rs. a. p. Per Imperial gallon					
Mineral Colas oil		2 4 0					
Transformer oil, including tram and switch oil, other than that assessed to duty under the proviso to Item No. 72 (3) of the First Schedule of the Indian Tariff Act, 1934		1 0 0					
27(4)	KEROSENE, and also any mineral oil other than kerosene and motor spirit which has its flashing point below one hundred degrees of Fahrenheit's thermometer by Abel's close test	Revenue	Three annas per Imperial gallon			Kerosene— 2 annas and 3 pies per Imperial gallon ¶	
27(5)	MINERAL OIL, not included in Item No. 27 (4) or Item No. 27 (6) which is suitable for use as an illuminant in wick lamps	Revenue	Three annas per Imperial gallon				
27(6)	MOTOR SPIRITS	Revenue	Fifteen annas per Imperial gallon				
27(7)	MINERAL OIL						
	(a) which has its flashing point at or above two hundred degrees of Fahrenheit's thermometer, and is ordinarily used for the batching of jute or other fibre;	Revenue	Rs. 18 12 per ton				
	(b) which has its flashing point at or above one hundred and fifty degrees of Fahrenheit's thermometer, is not suitable for use as an illuminant in wick lamps, and is such as is not ordinarily used except as fuel or for some sanitary or hygienic purposes	Revenue	10 per cent <i>ad valorem</i>				
Tariff values—		Rs. a. p. Per ton.					
Diesel oil, naked, in bulk		100 0 0					
Furnace oil, naked, in bulk		80 0 0					
27(8)	LUBRICATING OIL, that is, oil such as is not ordinarily used for any other purpose than lubrication, excluding any mineral oil which has its flashing point below two hundred degrees of the Fahrenheit's thermometer by Abel's close test		Two annas and six pies per Imperial gallon			Free	
27(9)	CRUDE AND REFINED COAL TAR AND COAL PITCH	Revenue	27 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
Tariff value		Rs. a. p. Per cwt.					
Coal pitch		8 8 0					

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles specified in these items are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Asphalt is exempt from payment of so much of the customs duty leviable thereon as is in excess of 27 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, crude and refined coal tar and coal pitch are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 27 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

§ Under Government of India, Finance Department (Central Revenue), Notification No. 1-Customs, dated the 9th March, 1946, as amended subsequently, mineral oils for the manufacture of insecticides are exempt from payment of the customs duty leviable thereon.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, all sorts of mineral oils, not otherwise specified, are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 27 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

|| The rate of excise duty on the 1st January, 1949, and until further notice, on all kerosene produced in a manufactory in India is the rate at which customs duty is for the time being leviable under the Indian Tariff Act, 1934, read with any other enactment for the time being in force.

†† The rate of excise duty on the 1st January, 1949, and until further notice, on all motor spirit produced in a manufactory in India is 15 annas per Imperial gallon.

§§ Under Government of India, Finance Department (Central Revenue), Notification No. 39-Customs, dated the 7th June, 1941, as amended subsequently, kerosene, which is the produce or manufacture of Burma, is exempt from so much of the customs duty leviable thereon as exceeds two annas and three pies per Imperial gallon.

SCHEDULE I—IMPORT TARIFF—*contd*

Item No.	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma	
SECTION VI.							
CHEMICAL AND PHARMACEUTICAL PRODUCTS, COLOURS AND VARNISHES, PERFUMERY, SOAP, CANDLES AND THE LIKE, GLUES AND GELATINES, EXPLOSIVES, FERTILISERS							
CHEMICALS, DRUGS AND MEDICINES, all sorts, not otherwise specified * † ‡ § ¶ ** ††		Preferential revenue	Rate of duty actually charged at the time for such products of the United Kingdom or British Colonial origin plus 1½ per cent. <i>ad valorem</i>	26 per cent. <i>ad valorem</i>	26 per cent. <i>ad valorem</i>	10 per cent. <i>ad valorem</i>	
Tariff values							
	Alkali, Indian (sajji-khar)		Rs a p Per cwt				
	Ammonium carbonate or bicarbonate		14 0 0				
	Amin-alum chloride						
	Muriate of ammonia, crystalline, excluding rice grain crystals		24 8 0				
	Sal ammoniac, sublimed		42 8 0				
	Other sorts, including compound pressed		45 0 0				
	Carbonic acid gas including compound pressed or liquefied gas		Per lb. 0 8 0				
	Chlorine		0 8 0				
	Copper sulphate		Per cwt 40 0 0				
	Soda, caustic, flake, petal or powder		33 0 0				
	Soda, caustic, solid		30 0 0				
	Sodium hydrosulphite		85 0 0				
	Sodium sulphide		30 0 0				
N.B. The tariff values apply to articles packed in containers of not less than 14 lbs							
28(1)	BLEACHING PASTE AND BLEACHING POWDER		Free				
28(2)	COPPERAS, green (ferrous sulphate)**	Revenue	3 per cent. <i>ad valorem</i>				1 ree
28(3)	SULPHUR		Free				
28(4)	SODA ASH, including refined natural soda and manufactured sesqui-carbonates**	Preferential revenue	30 per cent. <i>ad valorem</i>		5 per cent. <i>ad valorem</i>	10 per cent. <i>ad valorem</i>	
Tariff values—							
	Soda ash in bags including calcined natural soda and manufactured sesqui carbonate		Rs a p Per cwt 12 0 0				
N.B. The tariff value applies to articles packed in containers of not less than 14 lbs							
28(5)	HEAVY CHEMICALS, the following, namely						
	Magnesium chloride	Revenue	Twelve annas per cwt or 25 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				12 per cent. <i>ad valorem</i>
28(6)	THE FOLLOWING CHEMICALS, namely—						
	(a) Alum (ammonia alum, potash alum and soda alum)	Revenue	25 per cent. <i>ad valorem</i> or Rs 1-6 per cwt whichever is higher plus one-fifth of the total duty				12 per cent. <i>ad valorem</i>
	(b) Magnesium sulphate or hydrated magnesium sulphate	Revenue	25 per cent. <i>ad valorem</i> or Rs 1-1 per cwt whichever is higher plus one-fifth of the total duty				

* Under Government of India, Finance Department (Central Revenues). Notification No. 32, dated the 22nd June, 1935, as amended subsequently, Calcium acetate, radium chloride and cryolite are exempt from payment of import duty.

† Under Government of India, Finance Department (Central Revenues). Notification No. 32, dated the 16th May, 1942, Ipecacuanha root, Ergot of Rye and Cannabis Sativum are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues). Notification No. 11 Customs, dated the 8th May, 1943, Aluminium fluoride is exempt from payment of import duty.

§ Under Government of India, Finance Department (Central Revenues). Notification No. 23 Customs, dated the 25th September, 1943, Mepacrine hydrochloride is exempt from payment of import duty.

¶ Under Government of India, Finance Department (Revenue Division), Notification No. 7 Customs, dated the 6th July, 1946, as subsequently amended, Paludrine, or its salt, Paludrine hydrochloride, in the form of powder or tablets are exempt from the customs duty leviable thereon.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31 Customs, dated the 6th July, 1948, Menthol is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 24 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1943, shall not be levied and collected on this article.

** Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42 Customs, dated the 9th October, 1948, Copperas, green (ferrous sulphate), soda ash, including calcined natural soda and manufactured sesqui carbonates, Gypsum, and Ayurvedic drugs and medicines (including those containing opium) are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported from any Province of India.

†† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31 Customs, dated the 6th July, 1948, Acetyl Salicylic acid in tablets or in powder, Atropine Sulphate, Cresylic acid, Hyocine Hydrobromide, Phenobarbital, Vitamins A and E excluding fish-liver oils, Cod-liver oil, packed in containers not exceeding 14 lbs in capacity, Iodine in crude form, Lactose (Sugar of milk), Penicillin and its products, Antibiotics such as streptomycin, gramicidin, tyrocidine and tyrothricin, Sulphadiazine, and Vitamin preparations other than fish-liver oil are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1943, shall not be levied and collected on these articles.

SCHEDULE I—IMPORT TARIFF—*contd*

Item No.	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom.	A British Colony.	Burma.	
SECTION VI— <i>contd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES. PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES. EXPLOSIVES; FERTILISERS— <i>contd.</i>							
28(7)	THE FOLLOWING CHEMICALS, namely, cadmium sulphide, cobalt oxide, liquid gold for glass making, selenium, and uranium oxide.	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
	THE FOLLOWING CHEMICALS, DRUGS AND MEDICINES, namely, carbolic, citric, hydrochloric, nitric, oxalic, sulphuric, tartaric and acids, not otherwise specified, anhydrous ammonia, naphthalene, potassium chlorate, potassium cyanide and potassium compounds, not otherwise specified, bicarbonate of soda, sodium cyanide, sodium silicate, arsenic, calcium carbide, glycerine, lead, magnesium and zinc compounds not otherwise specified, aloes, asafoetida, cocaine, sarsaparilla and storax *	Revenue	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
	Tariff values		Rs a. p.				
	Acetic acid		Per lb 0 13 0				
	Ammonia gas, anhydrous, including compressed or liquefied gas		1 4 0				
			Per cwt				
	Borax, granular, powdered or crystalline		23 0 0				
	Boric acid		40 0 0				
	Sodium bicarbonate		15 0 0				
	Asafoetida coarse (lungra)		110 0 0				
	N.B.—The tariff values apply to articles packed in containers of not less than 14 lbs						
28(9)	SACCHARINE (except in tablets) and such other substances as the Central Government may, by notification in the <i>Official Gazette</i> , declare to be of a like nature or use to saccharine	Revenue	Rs 7-8 per lb			Free	
28(10)	SACCHARINE TABLETS	Revenue	180 per cent <i>ad valorem</i> or Rs 6-4 per pound, of saccharine contents, whichever is higher plus one-fifth of the total duty				
28(11)	ALKALIS OF OPIUM AND THEIR DERIVATIVES	Revenue	Rs 30 per seer of 80 tolas or 18½ per cent <i>ad valorem</i> whichever is higher plus one-fifth of the total duty				
28(12)	ALKALOIDS EXTRACTED FROM CINCHONA BARK including Quinine and alkaloids derived from other sources which are chemically identical with alkaloids extracted from Cinchona Bark		Free				
28(13)	ANTI-PLAQUE SERUM						
28(14)	TOILET REQUISITES not otherwise specified	Revenue	37½ per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
28(15)	CALCIUM CHLORIDE						
	(a) of British manufacture	Protective	Rs 3-4 per cwt			10 per cent <i>ad valorem</i> 1950	March 31st, 1950
	(b) not of British manufacture	Protective	Rs 4-14 per cwt			10 per cent <i>ad valorem</i> 1950	March 31st, 1950
	Provided that calcium chloride manufactured in a British Colony shall be deemed to be of British manufacture						
28(16)	PHOSPHORIC ACID	Protective	Rs 28 per cwt			10 per cent <i>ad valorem</i> 1950	March 31st, 1950
28(17)	POTASSIUM BICHROMATE, SODIUM BICHROMATE AND ALL CHROME COMPOUNDS	Protective	10 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> 1950	March 31st, 1950
28(18)	THE FOLLOWING SODIUM COMPOUNDS, namely :—					10 per cent <i>ad valorem</i>	
	(a) Sodium phosphates						
	(i) of British manufacture	Protective	Rs 7-6 per cwt				March 31st, 1950.
	(ii) not of British manufacture	Protective	Rs 11 per cwt				March 31st, 1950
	(b) Sodium sulphite—						
	(i) of British manufacture	Protective	Rs 23 per cwt				March 31st, 1950
	(ii) not of British manufacture	Protective	Rs 26 per cwt				March 31st, 1950
	(c) Sodium bisulphite—						
	(i) of British manufacture	Protective	Rs 19 per cwt				March 31st, 1950.
	(ii) not of British manufacture	Protective	Rs. 21-8-0 per cwt				March 31st, 1950.
	(d) Sodium thiosulphate—						
	(i) of British manufacture	Protective	Rs. 13 per cwt				March 31st, 1950.
	(ii) not of British manufacture	Protective	Rs 15-8-0 per cwt.				March 31st, 1950.
	Provided that the articles dutiable under this item manufactured in a British Colony shall be deemed to be of British manufacture.						

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Acetic Acid, Boric Acid, Borax and Phenol are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma.	
SECTION VI— <i>contd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS, COLOURS AND VARNISHES, PERFUMERY, SOAP, CANDLES AND THE LIKE, GLUES AND GELATINES, EXPLOSIVES, FERTILISERS— <i>contd.</i>							
28(19)	POTASSIUM PERMANGANATE	Protective	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	March 31st, 1950.
28(20)	ACID OLEIC AND ACID STEARIC, or any product containing 80 per cent or more of these free fatty acids	Protective	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	March 31st, 1950.
28(21)	ACETYL SALICYLIC ACID in tablets or in powder, atropine sulphate, crotylic acid, hyoscyne hydrobromide, Phenobarbital; Vitamins A and E excluding fish-liver oils	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(22)	COD LIVER OIL, packed in containers not exceeding 14 lbs in capacity	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(23)	IODINE, in crude form	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(24)	LACTOSE (sugar of milk)	Preferential revenue	30 per cent	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(25)	MENTHOL	Preferential revenue	24 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(26)	PENICILLIN AND ITS PRODUCTS	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(27)	ANTIBIOTICS such as streptomycin, gramicidin, tyrocidine and tyrothricin	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(28)	SULPHUR DRUGS AND VITAMIN PREPARATIONS other than fish-liver oil	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i> .	24 per cent <i>ad valorem</i> .	10 per cent <i>ad valorem</i> .	
28(29)	ACETIC ACID, BORIC ACID, BORAX AND PHENOL	Revenue	25 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	
28(30)	TOOTH PASTE, TOOTH POWDER, TALCUM POWDER, SHAVING SOAP AND SHAVING CREAM	Revenue	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	
29	CINEMATOGRAPH FILMS, not exposed	Revenue	Three pices per linear foot			5 per cent <i>ad valorem</i> .	
29(1)	CINEMATOGRAPH FILMS, exposed*	Revenue	Four annas per linear foot			20 per cent <i>ad valorem</i> .	
30	PAINTS, COLOURS AND PAINTERS' MATERIALS, all sorts, not otherwise specified † ‡	Preferential revenue	35 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>		10 per cent <i>ad valorem</i> .	
	Tariff value - Cattle fish bone		Rs a p Per cwt. 17 0 0				
30(1)	DYES DERIVED FROM COAL-TAR AND COAL-TAR DERIVATIVES, used in any dyeing process, all sorts, other than Alizarine moist exceeding 20 per cent, Alizarine red, Azo dyes, Sulphur-black, Sulphur dyes of other colours, Ultrazols and Vats, Powder						
30(2)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following namely — (a) Red lead, genuine dry, genuine moist and reduced moist	Preferential revenue	30 per cent <i>ad valorem</i> , or Rs 4-12-0 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent <i>ad valorem</i>		10 per cent <i>ad valorem</i> .	
	(b) White lead, genuine dry	Preferential revenue	30 per cent <i>ad valorem</i> , or Rs 5-12-0 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent <i>ad valorem</i>			
	(c) Zinc white, genuine dry	Preferential revenue	30 per cent <i>ad valorem</i> , or Rs 6 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent <i>ad valorem</i>			
	Ultramarine blue - (i) in packing of 1 lb. or over	Preferential revenue	80 per cent <i>ad valorem</i> , or Rs 8-8-0 per cwt., whichever is higher	24 per cent <i>ad valorem</i>			
	(ii) in packing of ½ lb. and over but less than 1 lb	Preferential revenue	30 per cent <i>ad valorem</i> , or Rs 11-4-0 per cwt., whichever is higher	24 per cent <i>ad valorem</i>			
	(iii) in packing of ¼ lb. and over but less than ½ lb	Preferential revenue	30 per cent <i>ad valorem</i> , or Rs 17 per cwt., whichever is higher	24 per cent <i>ad valorem</i>			
	(iv) in packing of less than ¼ lb	Preferential revenue	30 per cent <i>ad valorem</i> , or Rs 24 per cwt., whichever is higher	24 per cent <i>ad valorem</i>			

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 23-Customs, dated the 30th April, 1948, sub-standard cinematography films, exposed of a size not exceeding 9.5 mm. are exempt from payment of so much of the customs duty leviable thereon as is in excess of one anna per linear foot.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Paints, Solutions, and Compositions containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934, are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 24 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Lithophone is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony	Burma	
SECTION VI— <i>contd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS; COLOURS AND VARNISHES; PERFUMERY; SOAP; CANDLES AND THE LIKE; GLUES AND GELATINES; EXPLOSIVES; FERTILISERS— <i>contd.</i>							
(d) Paints, other sorts, coloured, moist—							
	(i) in packing of 1 lb. or over	Preferential revenue.	30 per cent. <i>ad valorem</i> , or Rs. 8-8-0 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i> .	
	(ii) in packing of $\frac{1}{2}$ lb. and over but less than 1 lb.	Preferential revenue	30 per cent. <i>ad valorem</i> , or Rs. 11-4-0 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i> .	
	(iii) in packing of $\frac{1}{4}$ lb. and over but less than $\frac{1}{2}$ lb.	Preferential revenue	30 per cent. <i>ad valorem</i> , or Rs. 17 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i> .	
	(iv) in packing of less than $\frac{1}{4}$ l.	Preferential revenue	30 per cent. <i>ad valorem</i> , or Rs. 24 per cwt., whichever is higher plus one-fifth of the total duty	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i> .	
30(3)	PAINTS, COLOURS AND PAINTERS' MATERIALS, the following, namely:—						12 per cent. <i>ad valorem</i>
	(a) Red lead, reduced dry	Revenue	25 per cent. <i>ad valorem</i> , or Rs. 4-12 per cwt., whichever is higher plus one-fifth of the total duty				
	(b) White lead, genuine moist, and reduced dry or moist	Revenue	25 per cent. <i>ad valorem</i> or Rs. 5-12 per cwt., whichever is higher plus one-fifth of the total duty				
	(c) Zinc white, genuine moist	Revenue	25 per cent. <i>ad valorem</i> , or Rs. 6 per cwt., whichever is higher plus one-fifth of the total duty				
	(d) Zinc white, reduced dry	Revenue	25 per cent. <i>ad valorem</i> , or Rs. 4-1 per cwt., whichever is higher plus one-fifth of the total duty				
30(4)	THE FOLLOWING PAINTS, COLOURS AND PAINTERS' MATERIALS, namely, barytes, turpentine, turpentine substitute, and varnish not containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934	Revenue	30 per cent. <i>ad valorem</i>				12 per cent. <i>ad valorem</i>
30(5)	PLUMBAGO AND GRAPHITE	Preferential revenue	30 per cent. <i>ad valorem</i>		24 per cent. <i>ad valorem</i>		12 per cent. <i>ad valorem</i>
30(6)	PRINTER'S INK	Revenue	12 per cent. <i>ad valorem</i>				Free
30(7)	LEAD PENCILS	Revenue	25 per cent. <i>ad valorem</i> , minus per dozen, plus one-fifth of the total duty				12 per cent. <i>ad valorem</i> .
30(8)	SLATE PENCILS	Revenue	30 per cent. <i>ad valorem</i>				12 per cent. <i>ad valorem</i>
30(9)	ABRASIVE PAPERS AND ROLLS, COILS, DISCS, BELTS, SHAPES AND TAPES, made of abrasive paper, when imported as stores apart from machinery—						
	a) of British manufacture	Protective	24 per cent. <i>ad valorem</i>				March 31st, 1950.
	(b) not of British manufacture	Protective	30 per cent. <i>ad valorem</i>				March 31st, 1950.
30(10)	EMERY CLOTH AND ABRASIVE ROLLS, COILS, DISCS, BELTS, SHAPES AND TAPES, made of emery cloth or a combination of emery cloth and paper when imported as stores apart from machinery.	Protective	30 per cent. <i>ad valorem</i>				March 31st, 1950.
30(11)	PAINTS, SOLUTIONS AND COMPOSITIONS, containing dangerous petroleum within the meaning of the Indian Petroleum Act, 1934	Preferential revenue.	24 per cent. <i>ad valorem</i>	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i>.	....
30(12)	LITHOPONE	Preferential revenue.	30 per cent. <i>ad valorem</i>	24 per cent. <i>ad valorem</i>		10 per cent. <i>ad valorem</i>.	....
30(13)	DYES DERIVED FROM COAL-TAR, the following, viz.:—Alizarine moist exceeding 20 per cent., Alizarine red, Azo dyes, Sulphur-black, Sulphur dyes of other colours, Ultrazols, Vats, Powder.	Revenue	12 per cent. <i>ad valorem</i> .			Free	....
31	NATURAL ESSENTIAL OILS, all sorts, not otherwise specified.	Revenue	30 per cent. <i>ad valorem</i>.	....		12 per cent. <i>ad valorem</i>.	....

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma.	
SECTION VI— <i>contd.</i>							
CHEMICAL AND PHARMACEUTICAL PRODUCTS, COLOURS AND VARNISHES, PERFUMERY, SOAP, CANDLES AND THE LIKE, GLUES AND GELATINES, EXPLOSIVES, FERTILISERS— <i>contd.</i>							
81(1)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, citronella, cinnamon, and cinnamon leaf	Preferential revenue	36 per cent <i>ad valorem</i>		24 per cent <i>ad valorem</i>	12 per cent <i>ad valorem</i>	
	<i>Tariff value—</i>						
	Rs. s. p. Per lb.						
	Citronella oil, natural, from the Far East		4 0 0				
	N.B.—The tariff value applies to articles packed in containers of not less than 14 lbs.						
81(2)	THE FOLLOWING NATURAL ESSENTIAL OILS, namely, almond, bergamot, gajupatti, camphor, cloves, eucalyptus, lavender, lemon, otto rose and peppermint	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
81(3)	ESSENTIAL OILS, synthetic	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
81(4)	CAMPOR*	Revenue	50 per cent <i>ad valorem</i>			24 per cent <i>ad valorem</i>	
81(5)	PERFUMERY, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
	<i>Tariff value—</i>						
	Rs. s. p. Per cwt.						
	Rose-flowers, dried		40 0 0				
82	SOAP, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
82(1)	SOAP, toilet	Revenue	25 per cent <i>ad valorem</i> , or Rs. 20 per cwt., whichever is higher plus one-fifth of the total duty			12 per cent <i>ad valorem</i>	
82(2)	SOAP, household and laundry—					Rs. 1-12 4/5 per cwt.	
	(a) In plain bars of not less than one pound in weight	Revenue	Rs. 4-12 4/5 per cwt.				
	(b) Other sorts	Revenue	Rs. 7-12 4/5 per cwt.				
82(3)	POLISHES AND COMPOSITIONS	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
82(4)	CANDLES	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
83	GLUE, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
83(1)	GLUE, clarified, liquid	Revenue	12 per cent <i>ad valorem</i>			Free	
84	GUNPOWDER FOR CANNONS, RIFLES, GUNS, PISTOLS AND SPORTING PURPOSES	Revenue	60 per cent <i>ad valorem</i>			24 per cent <i>ad valorem</i>	
84(1)	EXPLOSIVES, namely, blasting gunpowder, blasting gelatine, blasting dynamite, blasting roborite, blasting tonite, and all other sorts, including detonators and blasting fuzes†	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
84(2)	FIREWORKS, specially prepared as danger or distress lights for the use of ships	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
84(3)	FIREWORKS, not otherwise specified‡	Revenue	75 per cent <i>ad valorem</i>			24 per cent <i>ad valorem</i>	
84(4)	MATCHES, undipped splints and veneers—						
	(a) Matches—						
	(1) In boxes or booklets containing on an average not more than 40 matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in India § plus ten annas per gross of boxes or booklets plus one-fifth of the total duty			The rate at which excise duty is for the time being leviable on such matches manufactured in India §	
	(2) In boxes or booklets containing on an average more than 40 but not more than 60 matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in India § plus fifteen annas per gross of boxes or booklets plus one-fifth of the total duty			The rate at which excise duty is for the time being leviable on such matches manufactured in India §	

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Camphor is exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

† Under Government of India, Finance Department (Central Revenues), Notification No. 39, dated the 22nd June, 1936, as amended subsequently, explosives specially adapted for use in coal mines and included in the list of "Permitted Explosives" issued by the Chief Inspector of Mines in India under the Indian Coal Mines Regulation, 1926, and in force for the time being are exempt from payment of import duty.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1936, as amended subsequently, fireworks specially designed for the use of aircraft are liable to duty at 30 per cent. *ad valorem*.

§ For the rates of excise duty on the 1st January, 1949, and until further notice, see page 392.

¶ For the rate of excise duty on the 1st January, 1949, and until further notice, see page 392. But under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1936, as amended subsequently, matches in boxes or booklets containing on an average more than 40 but not more than 50 matches are liable to duty at the rate equivalent to the excise duty leviable on such matches plus 12 annas and 6 pies per gross of boxes or booklets, exclusive of the additional duty (leviable under the Indian Finance Act, 1944) of one-fifth of the total duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma	
SECTION VI—concl.							
CHEMICAL AND PHARMACEUTICAL PRODUCTS, COLOURS AND VARNISHES; PERFUMERY, SOAP; CANDLES AND THE LIKE, GLUES AND GELATINES; EXPLOSIVES; FERTILISERS—concl.							
	(3) In boxes or booklets containing on an average more than 60 but not more than 80 matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in India* plus Rs. 1-4 per gross of boxes or booklets plus one-fifth of the total duty				The rate at which excise duty is for the time being leviable on such matches manufactured in India *
	(4) All other matches	Protective	The rate at which excise duty is for the time being leviable on such matches manufactured in India* plus one pie for every 40 matches or fraction thereof plus one-fifth of the total duty.				The rate at which excise duty is for the time being leviable on such matches manufactured in India *
	(b) Undipped splints such as are ordinarily used for match-making	Protective	Six annas and nine pies per lb				12 per cent. <i>ad valorem</i> .
	(c) Veneers such as are ordinarily used for making boxes, including boxes and parts of boxes made of such veneers.	Protective	Nine annas per lb				12 per cent. <i>ad valorem</i> .
46	MANURES, all sorts, including animal bones and the following chemical manures, when imported in a form indicative of their use for manurial purposes:—Basic slag, nitrate of ammonia, nitrate of potash, sulphate of ammonia, sulphate of potash, kainit salts, carbamide, urea, nitrate of lime, calcium cyanamide, ammonium phosphates, mineral phosphates and mineral superphosphates		Free				
46(1)	NITRATE OF SODA, when imported in a form indicative of its use for manurial purposes		Free				
SECTION VII.							
HIDES, SKINS, LEATHER, FUR SKINS, AND MANUFACTURES OF THESE MATERIALS.							
	HIDES AND SKINS, not otherwise specified†	Revenue	30 per cent <i>ad valorem</i>				12 per cent. <i>ad valorem</i> .
36(1)	HIDES AND SKINS raw or salted		Free				
36(2)	SKINS (other than Fur Skins), tanned or dressed, and unwrought leather †	Revenue	30 per cent <i>ad valorem</i>				12 per cent. <i>ad valorem</i> .
	THE FOLLOWING LEATHER MANUFACTURES, namely, saddlery, harness, trunks and bags	Revenue	30 per cent <i>ad valorem</i>				12 per cent. <i>ad valorem</i> .
37(1)	LEATHER CLOTH including artificial leather, and other manufactures of leather, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>				12 per cent. <i>ad valorem</i> .
	FUR SKINS, dressed†	Revenue	30 per cent <i>ad valorem</i>				12 per cent. <i>ad valorem</i> .
SECTION VIII.							
RUBBER AND ARTICLES MADE OF RUBBER							
38	RUBBER, raw		Free				
39(1)	RUBBER TYRES AND TUBES AND OTHER MANUFACTURES OF RUBBER, not otherwise specified, excluding apparel and boots and shoes ‡	Revenue	30 per cent <i>ad valorem</i>				12 per cent. <i>ad valorem</i> .
SECTION IX.							
WOOD AND CORK AND WARES OF THESE MATERIALS, GOODS MADE OF PLAITING MATERIALS.							
40	WOOD AND TIMBER, all sorts, not otherwise specified, including all sorts of ornamental wood.†§||	Revenue	30 per cent <i>ad valorem</i>			Free	....

* For the rates of excise duty on the 1st January, 1949, and until further notice, see page 392.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles specified in these items are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 36, dated the 27th June, 1942, rubber scrap including unserviceable rubber tyres is exempt from payment of import duty.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 1-Customs, dated the 9th March, 1946, as amended subsequently, wood for the manufacture of shuttles and bobbins, and wood for the manufacture of pencils are exempt from payment of the customs duty leviable thereon.

|| Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Douglas fir is exempt from payment of so much of the customs duty leviable thereon as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1943, shall not be levied and collected on this article.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma.	
SECTION IX <i>contd.</i>							
WOOD AND CORK AND WARES OF THESE MATERIALS, GOODS MADE OF PLATTING MATERIALS— <i>contd.</i>							
40(1)			5 per cent <i>ad valorem</i>			Free	
40(2)	FURNITURE AND CABINETWARE, not otherwise specified, excluding mouldings	Revenue	30 per cent <i>ad valorem</i>			Free	
40(3)	TEA CHESTS AND PARTS AND FITTINGS THEREOF	Revenue	30 per cent <i>ad valorem</i>				
40(4)	PLYWOOD including plywood panels for tea chests	Protective	30 per cent <i>ad valorem</i>				March 31st 1950
40(5)	BATTENS FOR PLY CHESTS	Protective	30 per cent <i>ad valorem</i>				March 31st 1950
40(6)	DOUGLAS FIR	Revenue	20 per cent <i>ad valorem</i>			Free	
40(7)	WALL BOARDS OF WOOD FIBRE	Revenue	25 per cent <i>ad valorem</i>			Free	
41	CORK MANUFACTURES, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
42	FURNITURE OF WICKERWORK OR BAMBOO*	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
SECTION X							
PAPER AND ITS APPLICATIONS							
43	WOOD PULP	Revenue	18 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
44	PAPER, all sorts, not otherwise specified†‡	Revenue	37½ per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
44(1)	CIGARETTE PAPER, in rolls and bobbins	Revenue	20 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
44(2)§							
44(3)§							
44(4)	PASTEBOARD, MILLBOARD (CARDBOARD) STRAWBOARD, all sorts		30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
44(5)	TRADE CATALOGUES AND ADVERTISING CIRCULARS imported by packet, book or parcel post		Free				
44(6)	PAPER MONEY		Free				
44(7)	NEWSPAPERS, old, in bales and bags	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
	ARTICLES MADE OF PAPER AND PAPIER MACHE, Stationery, not otherwise specified, including drawing and copy books, labels, advertising circulars, sheet or card almanacs and calendars, Christmas, Easter and other cards, including cards in booklet forms including also waste paper||	Revenue	37½ per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
45(1)	BOOKS, printed, including covers for printed books, maps, charts and plans, proofs, music, manuscripts, and illustrations specially made for binding in books		Free				
45(2)	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards) on paper or cardboards¶	Revenue	60 per cent <i>ad valorem</i>			24 per cent <i>ad valorem</i>	
45(3)	FOUNTAIN PENS, complete	Revenue	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
SECTION XI.							
TEXTILE MATERIALS AND TEXTILE GOODS							
46	SILK, raw (excluding silkworm cocoons and noils), and silk cocoons	Protective	30 per cent <i>ad valorem</i> , plus Rs 15-12-0 per lb			12 per cent <i>ad valorem</i>	March 31st, 1951
46(1)	SILK, waste and noils		30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	March 31st, 1951
46(2)	WOOL, raw, and wooltop		Free				
46(3)	COTTON, raw**	Revenue	Two annas per lb				

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles specified in these items are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Cigarette papers in rolls and bobbins are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

‡ The above are no entries bearing Item Nos. 44(2) and 44(3).

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following classes of printing paper containing mechanical wood pulp amounting to not less than 70 per cent of the fibre content are exempt from payment of so much of the import duty as is in excess of the amount mentioned against each:—(I) newspaper in reels, unglazed—Rs. 1-12-4/5 per cwt., (II) newspaper in reels, other sorts—Rs. 2-4-3/5 per cwt., and (III) all sorts not in reels (excluding chrome, marble, flint, poster, stereo and art paper) white or grey—Rs. 2-6-2-5 per cwt.

|| Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, posters, pamphlets and other printed material intended for tourist propaganda purposes, provided they are issued by or under the auspices of the Governments of the countries, being countries outside India within which travel is to be stimulated and are not primarily intended to advertise the services of any private tourist agency, are exempt from payment of import duty.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

** Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Cotton, raw is exempt from the payment of customs duty leviable thereon, provided it is the produce of Pakistan and is imported therefrom into any Province of India.

SCHEDULE 1—IMPORT TARIFF—*contd.*

Item No	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom	A British Colony	India	
SECTION XI <i>contd</i>							
TEXTILE MATERIALS AND TEXTILE GOODS— <i>contd</i>							
46(4)	TEXTILE MATERIALS, the following— Raw flax, hemp, jute and all other unmanufactured textile materials, not otherwise specified * †		Raw hemp—22½ per cent <i>ad valorem</i> , all others—40 per cent <i>ad valorem</i>			Raw hemp free, all others—12 per cent <i>ad valorem</i>	
46(5)	SISAL AND ALOE FIBRE*	Preferential revenue	36 per cent <i>ad valorem</i>		24 per cent <i>ad valorem</i>	12 per cent <i>ad valorem</i>	
47	SILK YARN including thrown silk warps and yarn spun from silk waste or nolls but excluding sewing thread—						
	(a) Silk yarn including thrown silk warps but excluding sewing thread	Protective	30 per cent <i>ad valorem</i> plus Rs 15-12 0 per lb			12 per cent <i>ad valorem</i>	March 31st, 1951
	(b) Yarn spun from silk waste excluding sewing thread	Protective	30 per cent <i>ad valorem</i> plus Rs 4 8-0 per lb			12 per cent <i>ad valorem</i>	March 31st, 1951
	(c) Yarn spun from nolls excluding sewing thread	Protective	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	March 31st, 1951
47(1)	SILK SEWING THREAD	Protective	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	March 31st, 1951
47(2)	ARTIFICIAL SILK YARN AND THREAD	Revenue	25 per cent <i>ad valorem</i> or 5 annas per lb, whichever is higher plus two-fifths of the total duty			14 per cent <i>ad valorem</i>	
47(3)	WOOLLEN YARN not otherwise specified	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
47(4)	WOOLLEN YARN for weaving and knitting wool	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
47(5)	COTTON THREAD, other than sewing or darning thread	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
47(6)	COTTON TWIST AND YARN, AND COTTON SEWING OR DARNING THREAD ‡—						
	(a) of counts above 50's—					Free	
	(i) of British manufacture	Revenue	6 per cent <i>ad valorem</i>				
	(ii) not of British manufacture	Revenue	7½ per cent <i>ad valorem</i>				
	(b) of counts 50's and below—						
	(i) of British manufacture	Revenue	5 per cent <i>ad valorem</i> , or 1½ annas per lb, whichever is higher plus one-fifth of the total duty				
	(ii) not of British manufacture	Revenue	6½ per cent <i>ad valorem</i> or 1½ annas per lb, whichever is higher plus one-fifth of the total duty				
47(7)	TWIST AND YARN OF FLAX OR JUTE	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
47(8)	YARN (excluding cotton yarn) such as is ordinarily used for the manufacture of belting for machinery	Revenue	7½ per cent <i>ad valorem</i>			Free	
	FABRICS, not otherwise specified, containing more than 90 per cent of silk, including such fabrics embroidered with artificial silk—					24 per cent <i>ad valorem</i>	
	(a) Pongee	Protective	75 per cent <i>ad valorem</i> plus Rs 5-8 per lb				March 31st, 1951
	(b) Fuji, Boseki and corded (excluding white cord)	Protective	75 per cent <i>ad valorem</i> plus Rs 5-8 per lb				March 31st, 1951
	(c) Other sorts§	Protective	75 per cent <i>ad valorem</i> plus Rs 4 per lb				March 31st, 1951
48(1)	FABRICS, not otherwise specified, containing more than 90 per cent of artificial silk—					15 per cent <i>ad valorem</i>	
	(a) of British manufacture	Protective	30 per cent <i>ad valorem</i> or 2½ annas per square yard, whichever is higher plus one-half of the total duty				March 31st, 1951
	(b) not of British manufacture¶	Protective	50 per cent <i>ad valorem</i> or 4 annas per square yard, whichever is higher plus one-half of the total duty				March 31st, 1951

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, these fibres are exempt from the payment of customs duty leviable thereon, provided they are the produce of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Finance Department (Central Revenues), Notification No. 1-Customs, dated the 9th March, 1946, Manila hemp, raw, is exempt from payment of the customs duty leviable thereon.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cotton sewing or darning thread wound on reels, balls, tubes, cards, bobbins, spools, cops, cheeses and cones is liable to duty at 6 per cent *ad valorem* when the thread is of British manufacture and at 7½ per cent *ad valorem* when it is of non-British manufacture.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 45-Customs, dated the 23rd October, 1948, Cotton yarn is exempt from the payment of customs duty leviable thereon.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, (1) Chinese silk piecegoods, the following namely, Ghat-Pote, plain and flower, and Gauze, plain and flower, are liable to duty at 50 per cent *ad valorem* plus Rs. 1 per lb plus one-half of the total duty, and (2) Paj, all sorts, are exempt from so much of the duty as is in excess of 90 per cent *ad valorem*.

¶ Under Government of India, Commerce Department, Notification No. 341-T.(6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent *ad valorem* or 7 annas per square yard, whichever is higher plus one-half of the total duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XI— <i>contd</i>							
TEXTILE MATERIALS AND TEXTILE GOODS <i>contd</i>							
48(2)	WOOLLEN FABRICS, not otherwise specified, containing more than 90 per cent of wool, excluding felt and fabrics made of shoddy or waste wool	Revenue	25 per cent <i>ad valorem</i> or Re 1-2 per lb., whichever is higher plus one-half of the total duty			15 per cent <i>ad valorem</i> .	
48(3)	COTTON FABRICS, not otherwise specified, containing more than 90 per cent of cotton—					16 per cent <i>ad valorem</i>	
	(a) Grey piecegoods (excluding bordered grey chudans, dhoties, saris and scarves)—						
	(i) of British manufacture*	Revenue	15 per cent. <i>ad valorem</i> or 2½ annas per lb., whichever is higher plus one-fifth of the total duty				
	(ii) not of British manufacture	Revenue	50 per cent. <i>ad valorem</i> or 5½ annas per lb., whichever is higher plus one-fifth of the total duty.				
	(b) Printed piecegoods and printed fabrics—						
	(i) of British manufacture†	Revenue	21 per cent <i>ad valorem</i>				
	(ii) not of British manufacture	Revenue	60 per cent <i>ad valorem</i>				
	(c) Cotton piecegoods and fabrics, not otherwise specified—						
	(i) of British manufacture‡	Revenue	18 per cent. <i>ad valorem</i>				
	(ii) not of British manufacture	Revenue	60 per cent <i>ad valorem</i>				
48(4)	FABRICS, not otherwise specified, containing more than 10 per cent and not more than 90 per cent silk—					30 per cent. <i>ad valorem</i>	
	(a) containing more than 50 per cent of silk or artificial silk or of both	Protective	50 per cent <i>ad valorem</i> plus Re. 2 per lb plus one-half of the total duty				March 31st, 1951
	(b) containing not more than 50 per cent of silk or artificial silk or of both§—						
	(i) containing more than 10 per cent artificial silk ||	Protective	50 per cent <i>ad valorem</i> or Re. 1-8 per lb., whichever is higher plus one-half of the total duty.				March 31st, 1951
	(ii) containing no artificial silk or not more than 10 per cent artificial silk ||	Protective	75 per cent <i>ad valorem</i>				March 31st, 1951.
48(5)	FABRICS, not otherwise specified, containing not more than 10 per cent silk but more than 10 per cent and not more than 90 per cent artificial silk—					18 per cent <i>ad valorem</i>	
	(a) containing 50 per cent or more cotton§—						
	(i) of British manufacture	Protective	80 per cent <i>ad valorem</i> or 2 annas per square yard, whichever is higher plus one-half of the total duty				March 31st, 1951.
	(ii) not of British manufacture§ *	Protective	50 per cent <i>ad valorem</i> or 3½ annas per square yard, whichever is higher plus one-half of the total duty				March 31st, 1951.
	(b) containing no cotton or containing less than 50 per cent cotton§—						
	(i) of British manufacture	Protective	30 per cent. <i>ad valorem</i> or 2½ annas per square yard, whichever is higher plus one-half of the total duty				March 31st, 1951.
	(ii) not of British manufacture§ **	Protective	50 per cent <i>ad valorem</i> or 4 annas per square yard, whichever is higher plus one-half of the total duty				March 31st, 1951.

* Under Government of India, Commerce Department, Notification No 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 12½ per cent *ad valorem* or 2-3/16 annas per lb., whichever is higher plus one-fifth of the total duty.

† Under Government of India, Commerce Department, Notification No 20-T.(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 18 per cent *ad valorem*

‡ Under Government of India, Commerce Department, Notification No 20-I(17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 per cent *ad valorem*

§ Under section 3(b) of the Indian Tariff (Amendment) Ordinance, 1948, the additional duty leviable on these articles shall be one-half (instead of one-fifth) of the total duty if the goods contain not less than fifty per cent. of silk or artificial silk or both.

|| Under Government of India, Finance Department (Central Revenues), Notification No. 83, dated the 22nd June, 1935, woollen all-overs embroidered with artificial silk are exempt from so much of the duty as is in excess of 25 per cent. *ad valorem* or Re 1-2 per lb., whichever is higher plus one-fifth of the total duty

¶ Under Government of India, Commerce Department, Notification No. 341-T(6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent *ad valorem* or 5½ annas per square yard, whichever is higher plus one-fifth of the total duty.

** Under Government of India, Commerce Department, Notification No. 341-T. (6)/41, dated the 21st July, 1941, the articles assessable under this sub-item are liable to duty at 50 per cent *ad valorem* or 7 annas per square yard, whichever is higher plus one-fifth of the total duty.

SCHEDULE I—IMPORT TARIFF—*contd*

Item No.	Name of article	Nature of duty.	Standard rate of duty.	Preferential rate or duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma	
SECTION XI— <i>contd</i>							
TEXTILE MATERIALS AND TEXTILE GOODS— <i>contd.</i>							
45(6)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk, but containing more than 10 per cent. but not more than 90 per cent. wool	Revenue	87½ per cent. <i>ad valorem</i>			15 per cent. <i>ad valorem</i> .	
48(7)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool, but containing more than 50 per cent. cotton and not more than 90 per cent. cotton—					22½ per cent. <i>ad valorem</i> .	
	(a) of British manufacture	Protective	87½ per cent. <i>ad valorem</i>				March 31st, 1951.
	(b) not of British manufacture	Protective	75 per cent. <i>ad valorem</i> .				March 31st, 1951.
48(8)	FABRICS, not otherwise specified, containing not more than 10 per cent. silk or 10 per cent. artificial silk or 10 per cent. wool or 50 per cent. cotton.	Revenue	37½ per cent. <i>ad valorem</i>			15 per cent. <i>ad valorem</i> .	
48(9)	THE FOLLOWING COTTON FABRICS, namely, Satens including Italians of Saten weave, velvets and velveteens and embroidered all-over					6 per <i>ad valorem</i> .	
	(a) Printed fabrics—						
	(i) of British manufacture*	Revenue	31 per cent. <i>ad valorem</i>				
	(ii) not of British manufacture	Revenue	42 per cent. <i>ad valorem</i>				
	(b) Other fabrics—						
	(i) of British manufacture†	Revenue	18 per cent. <i>ad valorem</i>				
	(ii) not of British manufacture	Revenue	42 per cent. <i>ad valorem</i>				
48(10)	FABRICS containing gold or silver thread	Revenue	75 per cent. <i>ad valorem</i>			30 per cent. <i>ad valorem</i> .	
49	TEXTILE MANUFACTURES, the following articles when made wholly or mainly of any of the fabrics specified in—						
	(a) Item No. 48, 48(1), 48(4), 48(5) or 48(7)	Protective	The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made.				The duration applicable to the fabric of which the article is wholly or mainly made.
	(b) Item No. 48(3) if of British manufacture, or other than cross stitched, drawn thread, or otherwise embroidered if not of British manufacture, 48(9) or 48(10) whether of British manufacture or otherwise		The <i>ad valorem</i> rates of duty applicable to the fabric of which the article is wholly or mainly made				
	(c) Item No. 48(3) (if not of British manufacture and if cross stitched, drawn-thread or otherwise embroidered)	Revenue	50 per cent. <i>ad valorem</i>				
	Bed sheets, Bedspreads, Bolster cases, Counterpanes, Cloths, table, Cloths, tray, Covers, bed; Covers, table, Dusters; Glass-cloths, Handkerchiefs, Napkins, Pillow cases; Pillow slips, Scarves, Shirts; Shawls, Sacks (cotton), Towels, Umbrella coverings						
49(1)	FELTS, being <i>bona fide</i> remnants of piecegoods or other fabrics—					24 per cent. <i>ad valorem</i> .	
	(a) of materials liable to duty under Item 48(3), not exceeding 4 yards in length	Preferential revenue	42 per cent. <i>ad valorem</i>	30 per cent. <i>ad valorem</i> .			
	(b) of materials liable to duty under Item 48, 48(1), 48(4) or 48(5), not exceeding 2½ yards in length	Preferential revenue.	42 per cent. <i>ad valorem</i>	30 per cent. <i>ad valorem</i> .			
	(c) of other materials not exceeding 4 yards in length.	Preferential revenue	42 per cent. <i>ad valorem</i>	30 per cent. <i>ad valorem</i> .			
49(2)	RIBBONS ‡	Revenue	50 per cent. <i>ad valorem</i>			20 per cent. <i>ad valorem</i> .	
49(3)	BLANKETS AND RUGS (other than floor rugs) excluding blankets and rugs made wholly or, mainly from artificial silk.	Revenue	80 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
49(4)	WOOLLEN CARPETS, FLOOR RUGS, SHAWLS AND OTHER MANUFACTURES OF WOOL not otherwise specified, including felt §	Preferential revenue.	42 per cent. <i>ad valorem</i> .	30 per cent. <i>ad valorem</i> .		18 per cent. <i>ad valorem</i> .	

* Under Government of India, Commerce Department, Notification No. 20-T. (17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 18 per cent. *ad valorem*.

† Under Government of India, Commerce Department, Notification No. 20-T. (17)/39, dated the 16th April, 1940, the articles assessable under this sub-item are liable to duty at 15 per cent. *ad valorem*.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 8th July, 1948, ribbons are exempt from payment of so much of the Customs duty leviable thereon as is in excess of 50 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1936, woollen waste and rugs are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma	
SECTION XI— <i>contd.</i>							
TEXTILE MATERIALS AND TEXTILE GOODS— <i>contd.</i>							
46(b)	COTTON BRAIDS OR CORDS, the following namely—Ghonnis and Muktakaris	Revenue	7 4/5 annas per lb			Free	
46	JUTE MANUFACTURES, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
50(1)	SECOND HAND OR USED GUNNY BAGS OR CLOTH made of Jute		Free				
50(2)	HYMP MANUFACTURES	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
50(3)	COTTON HAIR AND CANVAS FLY BEETING for machinery	Protective	7½ per cent. <i>ad valorem</i>			Free	March 31st, 1950.
50(4)	ROPES—cotton		Free				
50(5)	OIL CLOTH AND FLOOR CLOTH	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
50(6)	CORROSE ROPE AND TWINE OF VEGETABLE FIBRE other than jute and cotton not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
50(7)	MATS AND MATTINGS, not otherwise specified*	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
50(8)	COIR FIBRE, COIR YARN AND COIR MATS AND MATTINGS.*	Preferential revenue	36 per cent. <i>ad valorem</i>		14 per cent. <i>ad valorem</i> †	12 per cent. <i>ad valorem</i> .	
	To value Cm lbs		Rs & p Percent 23 0 0				
51	SOCKS AND STOCKINGS made wholly or mainly from silk or artificial silk	Revenue	75 per cent. <i>ad valorem</i>			20 per cent. <i>ad valorem</i> .	
51(1)	WOOLLEN HOSIERY AND WOOLLEN KNITTED APPAREL, that is to say, all hosiery and knitted apparel containing not less than 15 per cent of wool by weight	Revenue	25 per cent. <i>ad valorem</i> or Rs 1-2 per lb, whichever is higher, plus one-fifth of the total duty			12 per cent. <i>ad valorem</i> .	
51(2)	COTTON KNITTED APPAREL, including apparel made of cotton interlocking material cotton undersuits, knitted or woven, and cotton socks and stockings					12 per cent. <i>ad valorem</i> .	
	(a) of a weight not exceeding 4 lbs. per dozen		25 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher plus one-half of the total duty				
	(b) of a weight exceeding 4 lbs. per dozen		25 per cent. <i>ad valorem</i> or 10 annas per lb., whichever is higher plus one-half of the total duty				
	COTTON KNITTED FABRIC		50 per cent. <i>ad valorem</i> or 12 annas per lb., whichever is higher plus one-fifth of the total duty			24 per cent. <i>ad valorem</i> .	
	APPAREL, HOSIERY, HABERDASHERY, MILLINERY AND DRAPERY, not otherwise specified‡	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
	SILK OR ARTIFICIAL SILK GOODS used or required for medical purposes, namely—silk or artificial silk ligatures, elastic silk or artificial silk hosiery, elbow pieces, thigh pieces, knee caps, leggings, socks, anklets, stockings, suspensory bandages, silk or artificial silk abdominal belts, silk or artificial silk web catheter tubes, and oiled silk or artificial silk	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
	UNIFORMS AND ACCOUTREMENTS APPERTAINING thereto, imported by a public servant for his personal use						
52(3)	INSIGNIA AND BADGES of Official British and Foreign Orders		Free				
52(4)	LACE AND TRIMMINGS, made of cotton or linen	Revenue	25 per cent. <i>ad valorem</i>				
53	TEXTILE MANUFACTURES, not otherwise specified †	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
58(1)	PAPER AND OTHER PAPER-MAKING MATERIALS excluding wood pulp		Free				
59(2)	LINEN EMBROIDERIES	Revenue	25 per cent. <i>ad valorem</i>				

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, mat and mattings are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of the Cottage Industries of Pakistan and are imported therefrom into any Province of India.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated 6th July, 1948, Lace and trimmings made of cotton or linen, are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Linen embroideries are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No	Name of article.	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony	Burma.	
SECTION XII.							
FOOTWEAR, HATS, UMBRELLAS AND PARASOLS; ARTICLES OF FASHION							
	BOOTS AND SHOES	Revenue	25 per cent. <i>ad valorem</i> or six annas per pair, whichever is higher plus one-fifth of the total duty.			12 per cent. <i>ad valorem</i> .	
54(1)*							
54(2)	UPPERS FOR BOOTS AND SHOES unless entirely made of leather	Revenue	25 per cent. <i>ad valorem</i> or three annas per pair, whichever is higher plus one-fifth of the total duty.			12 per cent. <i>ad valorem</i> .	
55	PITH HATS AND HELMETS AND HATTERS' WARE, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	
55(1)	FIZES	Revenue	20 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
55(2)	STRAW HATS	Revenue	20 per cent. <i>ad valorem</i> .			10 per cent. <i>ad valorem</i> .	
55(3)	HATS, CAPS AND BONNETS, all sorts, excluding Fizes, Pith Hats and Helmets and Straw Hats.	Revenue	20 per cent. <i>ad valorem</i> .			10 per cent. <i>ad valorem</i>	
56	PARASOLS AND SUNSHADES AND FITTINGS for umbrellas, parasols and sunshades †	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
56(1)	UMBRELLAS	Revenue	25 per cent. <i>ad valorem</i> or eight annas each, whichever is higher plus one-fifth of the total duty.			12 per cent. <i>ad valorem</i> .	
SECTION XIII.							
WARES OF STONE AND OF OTHER MINERAL MATERIALS, CERAMIC PRODUCTS; GLASS AND GLASSWARE							
	ARTICLES MADE OF STONE OR MARBLE	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
58(1)	ASBESTOS MANUFACTURES, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
58(2)	PACKING—ENGINE AND BOILER—all sorts, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
59	BUILDING AND ENGINEERING MATERIALS, all sorts, not of iron, steel or wood, not otherwise specified, including tiles other than glass, earthenware or porcelain tiles, and firebricks not being component parts of any articles included in Item No 72 or No 74(2).‡	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
59(1)	BUILDING AND ENGINEERING BRICKS §	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
59(2)	EARTHENWARE, CHINA AND PORCELAIN, all sorts, not otherwise specified ||	Revenue	35 per cent. <i>ad valorem</i> plus two-fifths of the total duty.			14 per cent. <i>ad valorem</i> .	
59(3)	EARTHENWARE PIPES AND SANITARY WARE	Revenue	30 per cent. <i>ad valorem</i> .			14 per cent. <i>ad valorem</i> .	
59(4)	TILES OF EARTHENWARE AND PORCELAIN §	Revenue	25 per cent. <i>ad valorem</i> or two annas per square foot, whichever is higher plus two-fifths of the total duty.			14 per cent. <i>ad valorem</i> .	
59(5)	DOMESTIC EARTHENWARE, CHINA AND PORCELAIN, the following, namely:— (a) Tea cups and coffee cups— (i) having a capacity of more than 7½ ozs. (ii) having a capacity of not more than 7½ ozs.	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus two-fifths of the total duty. 25 per cent. <i>ad valorem</i> or four annas per dozen, whichever is higher plus two-fifths of the total duty.			14 per cent. <i>ad valorem</i> .	

* There are no entries bearing Item Nos. 54(1) and 57.

† Under Government of India, Finance Department (Central Revenues), Notification No. 1-Customs, dated the 9th March, 1946, fittings for umbrellas, parasols and sunshades are exempt from payment of so much of the customs duty leviable thereon as is in excess of 15 per cent. *ad valorem*.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, sand is exempt from payment of import duty.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Building bricks (but not engineering bricks) and Tiles of earthenware (but not of porcelain) are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of Pakistan and are imported therefrom into any Province of India.

|| Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, articles made of earth and clay including country pottery are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of the cottage industries (other than requisites for games and sports) of Pakistan and are imported therefrom into any Province of India.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma	
SECTION XIII— <i>contd.</i>							
WARES OF STONE AND OF OTHER MINERAL MATERIALS; CERAMIC PRODUCTS; GLASS AND GLASSWARE— <i>contd.</i>							
(b) Saucers—							
	(i) for use with tea cups or coffee cups having a capacity of more than 7½ ozs	Revenue	25 per cent. <i>ad valorem</i> or five annas per dozen, whichever is higher plus two-fifths of the total duty			14 per cent. <i>ad valorem</i> .	
	(ii) for use with tea cups or coffee cups having a capacity of not more than 7½ ozs	Revenue	25 per cent. <i>ad valorem</i> or two annas per dozen, whichever is higher plus two-fifths of the total duty				
(c) Tea-pots—							
	(i) having a capacity of more than 20 ozs	Revenue	25 per cent. <i>ad valorem</i> or Rs. 3 per dozen, whichever is higher plus two-fifths of the total duty				
	(ii) having a capacity of more than 10 ozs and not more than 20 ozs	Revenue	25 per cent. <i>ad valorem</i> or Rs. 1-8 per dozen, whichever is higher plus two-fifths of the total duty				
	(iii) having a capacity of not more than 10 ozs	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher plus two-fifths of the total duty				
	(d) Sugar-bowls	Revenue	25 per cent. <i>ad valorem</i> or Rs. 1-8 per dozen, whichever is higher plus two-fifths of the total duty				
	(e) Jugs having a capacity of over 10 ozs	Revenue	25 per cent. <i>ad valorem</i> or twelve annas per dozen, whichever is higher plus two-fifths of the total duty				
	(f) Plates over 5½ inches in diameter— (i) over 8½ inches in diameter	Revenue	25 per cent. <i>ad valorem</i> or Rs. 1 per dozen, whichever is higher plus two-fifths of the total duty				
	(ii) not over 8½ inches in diameter	Revenue	25 per cent. <i>ad valorem</i> or ten annas per dozen, whichever is higher plus two-fifths of the total duty				
59(6)	COVERED CRUCIBLES FOR GLASS-MAKING	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
60	GLASS AND GLASSWARE, not otherwise specified, and lacquered ware	Revenue	87½ per cent. <i>ad valorem</i>			Lacquered ware—free; all others 12 per cent. <i>ad valorem</i> .	
60(1)	GLASS GLOBES AND CHIMNEYS for lamps and lanterns—					12 per cent. <i>ad valorem</i> .	
	(a) Globes for hurricane lanterns	Revenue	25 per cent. <i>ad valorem</i> or four annas and six ples per dozen, whichever is higher plus one-fifth of the total duty				
	(b) Other globes and chimneys having an external base diameter of over one inch	Revenue	25 per cent. <i>ad valorem</i> or three annas per dozen, whichever is higher plus one-fifth of the total duty				
60(2)	ELECTRIC LIGHTING BULBS,* not otherwise specified	Revenue	60 per cent. <i>ad valorem</i>			20 per cent. <i>ad valorem</i> .	
60(3)	GLASS BANGLES†	Revenue	60 per cent. <i>ad valorem</i>			20 per cent. <i>ad valorem</i> .	
60(4)	GLASS BEADS AND FALSE PEARLS	Revenue	50 per cent. <i>ad valorem</i>				
60(5)	ELECTRIC LIGHTING BULBS for torches and automobiles.	Revenue	50 per cent. <i>ad valorem</i> .				
60(6)	SHEET AND PLATE GLASS	Revenue	45 per cent. <i>ad valorem</i> .				

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Electric lighting bulbs for torches and automobiles are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Glass beads and false pearls are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma.	
SECTION XIV.							
REAL PEARLS, PRECIOUS STONES, PRECIOUS METALS AND WARES OF THOSE MATERIALS, COIN (SPECIE)							
61	PRECIOUS STONES, unset and imported uncut, and Pearls, unset		Free				
61(1)	PRECIOUS STONES, unset and imported cut*	Revenue	40 per cent. <i>ad valorem</i>				
61(2)	SILVER BULLION AND SILVER SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling†‡	Revenue	Eight annas per ounce				
61(3)	GOLD BULLION AND GOLD SHEETS AND PLATES which have undergone no process of manufacture subsequent to rolling‡	Revenue	Rs 25 per tola of 180 grains fine				
61(4)	SILVER PLATE AND SILVER MANUFACTURES, all sorts, not otherwise specified	Revenue	60 per cent. <i>ad valorem</i>			24 per cent. <i>ad valorem</i> .	
61(5)	SILVER THREAD AND WIRE (including so-called gold thread and wire mainly made of silver) and silver leaf including also imitation gold and silver thread and wire, lametta and metallic spangles and articles of a like nature, of whatever metal made	Revenue	75 per cent. <i>ad valorem</i>			24 per cent. <i>ad valorem</i> .	
61(6)	GOLD PLATE, GOLD LEAF AND GOLD MANUFACTURES, all sorts, not otherwise specified		60 per cent. <i>ad valorem</i>			24 per cent. <i>ad valorem</i> .	
61(7)	GOLD OR GOLD-PLATED PEN NIBS	Revenue	60 per cent. <i>ad valorem</i>			24 per cent. <i>ad valorem</i> .	
61(8)	ARTICLES, other than cutlery and surgical instruments, plated with gold or silver§	Revenue	75 per cent. <i>ad valorem</i>			20 per cent. <i>ad valorem</i> .	
61(9)	CUTLERY, plated with gold or silver	Revenue	75 per cent. <i>ad valorem</i>			20 per cent. <i>ad valorem</i> .	
61(10)	JEWELLERY AND JEWELS||	Revenue	60 per cent. <i>ad valorem</i>			24 per cent. <i>ad valorem</i> .	
61(11)	ARTICLES OF IMITATION JEWELLERY (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver or both and in which the proportion of gold or silver or both together to total metallic contents is less than 1.5 per cent.	Revenue	30 per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
62	CURRENT COIN OF THE GOVERNMENT OF INDIA		Free				
62(1)	SILVER COIN, not otherwise specified‡	Revenue	Eight annas per ounce				
62(2)	GOLD COIN	Revenue	Rs 25 per tola of 180 grains fine				
SECTION XV.							
BASE METALS AND ARTICLES MADE THEREFROM							
63	IRON OR STEEL, old** ††	Revenue	1½ per cent. <i>ad valorem</i> .			Free	
63(1)	IRON ALLOYS, viz., ferro-manganese, ferro-chrome, spiegeleisen and the like as commonly used for steel making	Revenue	1½ per cent. <i>ad valorem</i>			Free	
63(2)	IRON OR STEEL ANGLE, CHANNEL, TEE, FLAT [OTHER THAN ALLOY, TOOL OR SPECIAL STEEL SPECIFIED IN ITEM No 63(30)], BEAM, ZED, TROUGH AND PILING— (a) not fabricated— (i) of British manufacture— not coated with other metals	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India; §§ or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.			Free	
	coated with other metals	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India; §§ or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				

* Under Government of India, Finance Department (Central Revenues), Notification No 33, dated the 22nd June, 1935, as amended subsequently precious stones imported cut and unset are liable to duty at 6 per cent. *ad valorem*

† The rate of excise duty on the 1st January, 1949 and until further notice, on all silver produced in silver works in British India, is 3 annas and 7 1/5 pies per ounce Troy

‡ Under Government of India, Finance Department (Revenue Division), Notification No 11-Customs, dated the 12th August, 1946, articles assessable under Items Nos 61(2) and 61(3), 62(1) and 62(2) are exempt from payment of one-half of the customs duty leviable thereon.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, all the articles included in this item are liable to duty at 60 per cent. *ad valorem*.

|| Under Government of India, Finance Department (Central Revenues), Notification No 33, dated the 22nd June, 1935, as amended subsequently, articles of imitation jewellery (including buttons and other fasteners) which consist of, or include, base metal plated with gold or silver or both and in which the proportion of gold or silver or both together to total metallic contents is less than 1.5 per cent., are liable to duty which would have been leviable had they contained no gold or silver.

¶ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, iron and steel, old covered by this item when imported from Burma, are exempted from payment of import duty.

§§ The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

** Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, article specified in this item is exempt from the payment of customs duty leviable thereon, provided it is the produce or manufacture of Pakistan and is imported therefrom into any Province of India.

†† Under Government of India, Ministry of Finance (Revenue Division), Notification No 45-Customs, dated the 23rd October, 1948, iron and steel scrap are exempt from the payment of customs duty leviable thereon.

SCHEDULE I- IMPORT TARIFF—*contd*

Item No.	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of	Duration of protective rates of duty	
				The United Kingdom	A British Colony	Burma.
SECTION XV— <i>contd</i>						
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>						
	(ii) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 43 per ton plus one-fifth of the total duty			Free
	(b) fabricated—					
	(i) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty			
	(ii) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty			
68(3)	IRON OR STEEL [OTHER THAN ALLOY, TOOL OR SPECIAL STEEL SPECIFIED IN ITEM No. 63(30)], BAR AND ROD—					
	(i) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 10 per ton, or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty			Free
	(ii) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 30 per ton, or 20 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty			Free
68(4)	IRON PLG	Revenue	18½ per cent <i>ad valorem</i>			Free
68(5)	IRON RICE BOWLS	Revenue	18½ per cent, <i>ad valorem</i> .			Free
68(6)	CAST IRON PIPES AND TUBES also cast iron fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like—					Free
	(i) of British manufacture†	Revenue	12 per cent <i>ad valorem</i>			
	(ii) not of British manufacture	Revenue	Rs. 9 per ton			
68(7)	CAST IRON PLATES	Revenue	18½ per cent <i>ad valorem</i>			Free
68(8)	STEEL INGOTS	Revenue	The excise duty leviable for the time being on steel ingots produced in British India* or 15½ per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty			Free
	Iron or steel blooms, billets and slabs, provided that no piece less than 1½ inches square or thick shall be included in this item‡					
68(9)	IRON OR STEEL STRUCTURES, fabricated partially or wholly, not otherwise specified, if made mainly or wholly of iron or steel bars, sections, plates or sheets for the construction of buildings, bridges, tanks, well curbs, trestles, towers and similar structures or for parts thereof, but not including builders' hardware or any of the articles specified in Item Nos. 72, 72(3), 74(1), 75(3), 75(4) or 76(1)—					Free
	(a) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty			
	(b) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 40 per ton plus one-fifth of the total duty.			

The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, cast iron fittings for cast iron pipes and tubes, that is to say, bends, boots, elbows, tees, sockets, plugs, valves, cocks and the like of British manufacture are exempt from so much of the duty as is in excess of Rs. 69 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel billets are exempt from payment of the alternative *ad valorem* duty.

SCHEDULE 1—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom.	A British Colony.	Burma	
SECTION XV— <i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>							
68(10)	STEEL, TINPLATES AND TINNED SHEETS, including tin taggers, and cuttings of such plates, sheets or taggers—						Free
	(i) of British manufacture		14 times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 35 per ton plus one-fifth of the total duty				
	(ii) not of British manufacture	Revenue	14 times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 59 per ton plus one-fifth of the total duty				
68(11)	IRON OR STEEL ANCHORS AND CABLES	Revenue	12½ per cent. <i>ad valorem</i>				Free
68(12)	A IRON OR STEEL BOLTS AND NUTS, including hook-bolts and nuts for roofing but excluding fish bolts and nuts—						Free
	(i) of British manufacture†	Revenue	14 times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	(ii) not of British manufacture		14 times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-0-0 per cwt. plus one-fifth of the total duty				
	B IRON OR STEEL FISH BOLTS AND NUTS—						Free
	(i) of British manufacture	Revenue	14 times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	(ii) not of British manufacture		14 times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 4-5-0 per cwt. plus one-fifth of the total duty				
68(13)	IRON OR STEEL EXPANDED METAL	Revenue	12½ per cent. <i>ad valorem</i>				Free
68(14)	IRON OR STEEL HOOPS AND STRIPS, not otherwise specified	Preferential revenue	24 per cent. <i>ad valorem</i>	12 per cent. <i>ad valorem</i>			Free
68(15)	IRON OR STEEL RIVETS—						Free
	(i) of British manufacture‡	Revenue	14 times the excise duty leviable for the time being on steel ingots produced in British India* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	(ii) not of British manufacture	Revenue	14 times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 1-14-0 per cwt. plus one-fifth of the total duty				
68(16)	IRON OR STEEL NAILS AND WASHERS, all sorts, not otherwise specified	Revenue	12½ per cent. <i>ad valorem</i>				Free
68(17)	IRON OR STEEL PIPES AND TUBES AND FITTINGS THEREFOR, if riveted or otherwise built up of plates or sheets—						
	(i) of British manufacture	Revenue	14 times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs. 12 per ton, or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				Free

* The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, Iron or steel bolts and nuts of British manufacture, including hook-bolts and nuts for roofing but excluding fish bolts and nuts are exempt from so much of the duty as is in excess of Rs. 44-11 1/5 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, Iron or steel rivets of British manufacture are exempt from so much of the duty as is in excess of Rs. 52-3 1/5 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV— <i>contd</i>							
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd</i>							
	(II) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 35 per ton plus one-fifth of the total duty.				
48(18)	IRON OR STEEL PIPES AND TUBES; also fittings therefor, that is to say, bends, boots, elbows, tees, sockets, flanges, plugs, valves, cocks and the like, excluding pipes, tubes and fittings therefor otherwise specified	Revenue	18½ per cent. <i>ad valorem</i> .			Free	
48(19)	IRON OR STEEL PLATES EXCLUDING CAST IRON PLATES—						
	(a) not fabricated—					Free	
	(i) of British manufacture*—						
	not coated with other metals	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India†, or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	coated with other metals	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India†, or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	(II) not of British manufacture		1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 25 per ton plus one-fifth of the total duty				
	(b) fabricated						
	(i) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton plus one-fifth of the total duty				
	(II) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton plus one-fifth of the total duty.				
48(20)	IRON OR STEEL SHEETS OTHER THAN HIGH SILICON ELECTRICAL STEEL SHEETS—						
	(a) not fabricated—					Free	
	(i) not galvanised—						
	(I) of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 11 per ton or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	(II) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 32 per ton plus one-fifth of the total duty				
	(2) galvanised—						
	(i) of British manufacture§	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton; or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				

* Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel plates of British manufacture, assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 36-6 2/5 per ton.

† The rate of excise duty on the 1st January, 1919, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenue), Notification No. 23, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 4-12 4/5 per ton.

§ Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 64-6 2/5 per ton.

SCHEDULE 1- IMPORT TARIFF *contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony	Hurma	
	SECTION XV— <i>contd.</i>						
	BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>						
	(II) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 40 per ton plus one-fifth of the total duty				
	(b) fabricated—						
	(1) not galvanised—						
	(I) of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 12 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				
	(II) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 35 per ton plus one-fifth of the total duty				
	(2) galvanised—						
	(I) of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 11 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				
	(II) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 44 per ton plus one-fifth of the total duty.				
68(21)	IRON OR STEEL RAILWAY TRACK MATERIAL—						
	A. Rails (including tramway rails the heads of which are not grooved)—						
	(a) 30 lbs. per yard and over, and fish-plates therefor—						
	(I) of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India;† or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				
	(II) not of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India;† or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				
	(b) under 30 lbs. per yard and fish-plates therefor—						
	(I) of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 10 per ton; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				
	(II) not of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 39 per ton plus one-fifth of the total duty.				

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 49-3 1/5 per ton.

† The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 23, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 60 per ton.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway track materials, covered by this item, when imported from Burma, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony	Burma.	
SECTION XV—contd							
BASE METALS AND ARTICLES MADE THEREFROM—contd							
B Switches and crossings including stretcher bars and other component parts, and switches and crossings including stretcher bars and other component parts for tramway rails the heads of which are not grooved—							
(a) for rails 30 lbs. per yard and over—							
	(i) of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty			....	..
	(ii) not of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † or 20 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				....
(b) for rails under 30 lbs. per yard—							
	(i) of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 11 per ton, or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				..
	(ii) not of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 43 per ton plus one-fifth of the total duty				..
C Sleepers, and sleeper bars, other than cast iron—							
	(i) of British manufacture* ‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				...
	(ii) not of British manufacture* ‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † or 20 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				..
D. Spikes (other than dog-spikes) and tie-bars—							
	(i) of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 10 per ton, or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				..
	(ii) not of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus Rs. 30 per ton plus one-fifth of the total duty.				..
E. Dog-spikes—							
	(i) of British manufacture‡	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India † plus 7 annas per cwt., or 10 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.		....		....

* Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway track materials, covered by this item, when imported from Burma, are exempt from payment of import duty.

† The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, iron or steel sleeper bars, other than cast iron are exempt from payment of the alternative *ad valorem* duty.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway or tramway track materials, covered by these items, when imported from Burma, are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV— <i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>							
	(ii) not of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 2-15-0 per cwt. plus one-fifth of the total duty.				...
	F. Gibs, cotters, keys (including tapered key bars), distance pieces and other fastenings for use with iron or steel sleepers—						
	(i) of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus 7 annas per cwt.; or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.				..
	(ii) not of British manufacture*	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 2-15-0 per cwt. plus one-fifth of the total duty.				....
63(22)	IRON OR STEEL RAILWAY TRACK MATERIALS,* not otherwise specified, including bearing plates, cast iron sleepers and lever boxes.	Revenue	18½ per cent. <i>ad valorem</i> .			Free	....
63(23)	IRON OR STEEL TRAMWAY TRACK MATERIALS,* not otherwise specified, including rails, fish-plates, tie-bars, switches, crossings and the like materials of shapes and sizes specially adapted for tramway tracks	Revenue	18½ per cent. <i>ad valorem</i> .			Free	....
63(24)	IRON OR STEEL BARBED OR STRANDED WIRE AND WIRE ROPE	Preferential revenue.	24 per cent <i>ad valorem</i> .	12 per cent. <i>ad valorem</i> .		Free	....
63(25)	IRON OR STEEL WIRE, other than high carbon or spring steel wire, barbed or stranded wire, wire rope† or wire netting, and iron or steel wire nails—					Free	
	(i) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 25 per ton plus one-fifth of the total duty.				....
	(ii) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 60 per ton plus one-fifth of the total duty.				....
63(26)	IRON OR STEEL (other than bar or rod) specially designed for the reinforcement of concrete.	Revenue	18½ per cent <i>ad valorem</i> .			Free	....
63(27)	IRON OR STEEL, the original material (but not including machinery) of any ship or other vessel intended for inland or harbour navigation which has been assembled abroad, taken to pieces and shipped for re-assembly in India—					Free	
	(i) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India;† or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	...	....		....
	(ii) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India† plus Rs. 27-8-0 per ton; or 20 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty.	...	....		....
Provided that articles dutiable under this item shall not be deemed to be dutiable under any other item.							

* Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, as amended subsequently, used iron or steel railway or tramway track materials, covered by these items, when imported from Burma, are exempt from payment of import duty.

† The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV— <i>contd</i>							
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd</i>							
68(28)	ALL SORTS OF IRON AND STEEL AND MANUFACTURES THEREOF, not otherwise specified	Revenue	30 per cent. <i>ad valorem</i>			Free	
	<i>Tariff values—</i>						
	Iron and Steel cans or drums— When imported containing kerosene and motor spirit, namely— (a) cans, tinned, of four gallons capacity	Rs. & p. Per can					
		1 2 0					
	(a) cans or drums, not tinned, of two gallons capacity— (a) with faucet caps	Per can or drum					
		2 0 0					
	(b) ordinary	0 12 0					
		Per drum					
	Drums of four gallons capacity— (a) with faucet caps	2 12 0					
	(b) ordinary	1 8 0					
68(29)	ENAMELLED IRONWARE, the following, namely—					Free	
	(a) Sign-boards	Revenue	25 per cent. <i>ad valorem</i> or four and a half annas per square foot, whichever is higher plus one-fifth of the total duty				
	(b) Domestic hollow-ware, the following, namely, basins, bowls, dishes, plates and thalis, including rice-cups, rice-bowls and rice-plates—						
	(i) having no diameter exceeding 19 centimetres	Revenue	25 per cent. <i>ad valorem</i> or per dozen four annas plus one anna for every two centimetres or part thereof by which any diameter exceeds 11 centimetres, whichever is higher plus one-fifth of the total duty				
	(ii) having any diameter exceeding 19 centimetres	Revenue	25 per cent. <i>ad valorem</i> or per dozen eight annas plus two annas for every two centimetres or part thereof by which any diameter exceeds 19 centimetres whichever is higher, plus one-fifth of the total duty				
68(30)	RODS OR BARS OF ALLOY, TOOL OR SPECIAL STEEL of the following categories, but excluding precision ground and polished bars, bright drawn bars, blue reeled bars and silver steel finish bars:—					Free	
	(1) High speed steel containing more than 13 per cent tungsten						
	(2) Stainless and heat resisting steel containing more than 11 per cent chromium.						
	(3) Other alloy steels not included in category (i) or (ii) containing any of the following:—						
	(i) 0.40 per cent. or more of chromium or nickel;						
	(ii) 0.10 per cent. or more of molybdenum, tungsten or vanadium, or						
	(iii) 10.00 per cent. or more of manganese—						
	(a) of British manufacture	Protective	30 per cent. <i>ad valorem</i>				March 31st, 1950.
	(b) not of British manufacture.	Protective	42 per cent. <i>ad valorem</i>				March 31st, 1950.
68(31)	HIGH SILICON ELECTRICAL STEEL SHEETS—						
	(a) of British manufacture†	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* plus Rs. 11 per ton, or 10 per cent. <i>ad valorem</i> , whichever is higher, plus one-fifth of such higher amount.				

* The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, iron or steel sheets of British manufacture, assessable under this sub-item are exempt from so much of the duty as is in excess of Rs. 44-12 4/5 per ton.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma.	
SECTION XV— <i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>							
	(b) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* plus Rs. 32 per ton, plus one-fifth of the total of such amounts			Free	
63(82)	HIGH CARBON OR SPRING STEEL WIRE						
	(a) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* plus Rs. 25 per ton, plus one-fifth of the total of such amounts				
	(b) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* plus Rs. 60 per ton, plus one-fifth of the total of such amounts				
63(83)	IRON OR STEEL WOOD-SCREWS	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
63(84)†	IRON OR STEEL HOOPS—						
	(a) Jute baling hoops—						
	(i) of British manufacture	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
	(ii) not of British manufacture	Protective	40 per cent <i>ad valorem</i>				March 31st, 1950.
	(b) Cotton baling hoops—						
	(i) of British manufacture	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
	(ii) not of British manufacture	Protective	40 per cent <i>ad valorem</i>				March 31st, 1950.
63(85)	FERRO-SILICON	Protective	18½ per cent <i>ad valorem</i>			Free	March 31st, 1950.
64	COPPER, wrought, and manufactures of copper, all sorts, not otherwise specified—						
	(a) of British manufacture	Protective	24 per cent <i>ad valorem</i>				March 31st, 1950.
	(b) not of British manufacture	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
64(1)	COPPER, scrap‡		Free				
64(2)	COPPER, unwrought, ingots, blooms, slabs, cakes, ties, blocks, bricks, billets, cathodes, blister, bars (electrolytic wire bars)		Free				
64(3)	COPPER RODS, other than electrolytic copper rods—					Free	
	(a) of British manufacture	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
	(b) not of British manufacture	Protective	45 per cent <i>ad valorem</i>				March 31st, 1950.
64(4)	ELECTROLYTIC COPPER RODS OR BLACK COPPER RODS (in coils)—					Free	
	(a) of British manufacture	Protective	20 per cent <i>ad valorem</i>				March 31st, 1950.
	(b) not of British manufacture	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
65	ALL NON-FERROUS NICKEL ALLOYS including German silver, nickel silver and cupro-nickel—					Free	
	(a) containing 40 per cent or less by weight of nickel.	Protective	30 per cent <i>ad valorem</i>				March 31st, 1950.
	(b) containing more than 40 per cent by weight of nickel	Revenue	30 per cent <i>ad valorem</i>				....
65(1)	NICKEL, pellets, cakes, slabs, anodes, shorts, blocks, granules and scraps		Free				....
66	ALUMINIUM—circles, sheets and other manufactures, not otherwise specified.	Revenue	30 per cent <i>ad valorem</i>			Free	....
66(1)	UNWROUGHT INGOTS, BLOCKS AND BARS OF ALUMINIUM.	Revenue	30 per cent <i>ad valorem</i>			Free	....
67	LEAD, wrought—the following articles, namely, pipes, tubes and sections.	Protective	30 per cent <i>ad valorem</i>			Free	March 31st, 1950.
67(1)	LEAD SHEETS FOR TEA CHESTS	Protective	30 per cent <i>ad valorem</i>			Free	March 31st, 1950.

* The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† The rates shown against this item shall be brought into force on the date on which a notification is issued to that effect by the Central Government. In the meantime these articles shall continue to be subject to a revenue duty of 24 per cent. *ad valorem*—Standard, and 12 per cent. *ad valorem*—United Kingdom Preferential, under item No. 63(14).

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, article specified in this item is exempt from the payment of customs duty leviable thereon, provided it is the produce or manufacture of Pakistan and is imported therefrom into any Province of India.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XV— <i>contd.</i>							
BASE METALS AND ARTICLES MADE THEREFROM— <i>contd.</i>							
67(2)	LEAD SHEETS other than sheets for tea chests	Protective	20 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
67(3)	LEAD INGOTS, PIGS AND LEAD SCRAP		Free			Free	March 31st, 1950.
68	ZINC OR SPELTER, wrought or manufactured, not otherwise specified	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
68(1)	ZINC, unwrought, including cakes, bars, blocks, ingots, tiles (other than boiler tiles), hard or soft slabs and plates, dust, dross and scales and broken zinc		Free				
68(2)	ZINC SHEETS, not otherwise specified	Protective	20 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
68(3)	MAZAK OR ALLOYS OF ZINC AND ALUMINIUM, containing not less than 94 per cent. zinc		Free				
69	TIN, BLOCK		Free				
69(1)	TIN SCRAP AND TIN PLATE SCRAP		Free				
69(2)	TIN SOLDERS, WHITE METAL AND ANTI-FRICTION ALLOYS	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70	BRASS, wrought and manufactures thereof, not otherwise specified	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(1)	ALL NON-FERROUS ALLOYS AND MANUFACTURES OF METALS AND ALLOYS, not otherwise specified	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(2)	CRUDE ANTIMONY	Protective	20 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(3)	ANTIMONY, other than crude antimony	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(4)	BRASS, unwrought, ingots, billets, cakes, slabs, blooms (excluding scrap), that is to say, ingots, etc., containing (1) copper 55 to 74 per cent., (2) zinc 26 to 42 per cent. and (3) components other than copper and zinc including impurities not exceeding 3 per cent., of which not more than one-half should be tin	Protective	10 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(5)	BRASS WIRES AND RODS*	Protective	35 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(6)	YELLOW METAL ALLOYS OTHER THAN BRASS such as gun-metal, bronze, bell-metal and phosphor-bronze and manufactures thereof, not otherwise specified *	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
70(7)	COBALT, CHROMIUM, TUNGSTEN, MAGNESIUM AND ALL OTHER NON-FERROUS VIRGIN METALS, not otherwise specified *		Free				
70(8)	ALL NON-FERROUS METAL SCRAP AND SCRAP OF ALLOYS OF NON-FERROUS METALS, not otherwise specified		Free				
70(9)	TYPE METAL*	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
71	HARDWARE, IRONMONGERY AND TOOLS, all sorts, not otherwise specified, including incandescent mantles but excluding machine tools and agricultural implements †	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
	Tariff value - Crown corks (except those bearing monogram or trade mark or name of an importer). Rs a 10 Per gross. 1 0 0						
71(1)	THE FOLLOWING HARDWARE, IRONMONGERY AND TOOLS, namely, agricultural implements not otherwise specified, buckets of tinned or galvanized iron, and pruning-knives.	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i> .	
71(2)	CUTLERY, all sorts, not otherwise specified	Revenue	37½ per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
71(3)	METAL FURNITURE AND CABINETWARE	Revenue	37½ per cent. <i>ad valorem</i>			10 per cent. <i>ad valorem</i> .	
71(4)	PRINTING TYPE *	Revenue	One anna and six pies per lb.			Free	
71(5)	THE FOLLOWING PRINTING MATERIALS, namely, leads, brass rules, wooden and metal galleys, shooting sticks and galleys and metal furniture.	Revenue	3 per cent. <i>ad valorem</i>			Free	
71(6)	RACKS FOR THE WITHERING OF TEA LEAF ‡	Revenue	3 per cent. <i>ad valorem</i>			Free	
71(7)	HURRICANE LANTERNS	Protective	30 per cent. <i>ad valorem</i>			Free	March 31st, 1950.
71(8)	GRINDING WHEELS AND SEGMENTS§	Protective	100 per cent. <i>ad valorem</i>||				December 31st, 1950.

* Under Government of India, Finance Department (Central Revenues), Notification No. 80-C, dated the 4th October, 1941, waste and scrap of base metal when imported from Burma, are exempt from payment of import duty.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, stoves for use with Kerosene, gasoline or other liquid fuels and burners therefor are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, component parts of racks for the withering of tea leaf when proved to have been imported for use in racks for the withering of tea leaf are also liable to duty at 3 per cent. *ad valorem*.

§ Under the Government of India, Ministry of Commerce, Notification No. 218-T (77)/48, dated the 4th December, 1948, the duty shown against this item was raised to 80 per cent. *ad valorem*.

|| With effect from 11th May, 1949.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
	SECTION XV—<i>concl.</i>						
	BASE METALS AND ARTICLES MADE THEREFROM—<i>concl.</i>						
71(9)	STOVES, for use with kerosene, gasoline, or other liquid fuels and burners therefor.	Revenue	20 per cent <i>ad valorem</i>				10 per cent. <i>ad valorem</i> .
71(10)	SAFETY RAZORS AND PARTS THEREFOR, including blades.	Revenue	30 per cent. <i>ad valorem</i>				10 per cent. <i>ad valorem</i> .
	SECTION XVI.						
	MACHINERY AND APPARATUS, ELECTRICAL MATERIAL.						
72	MACHINERY, namely, such of the following articles as are not otherwise specified* † :— (a) prime-movers, boilers, locomotive engines and tenders for the same, portable engines (including power-driven road rollers, fire engines and tractors), and other machines in which the prime-mover is not separable from the operative parts ; (b) machines and sets of machines to be worked by electric, steam, water, fire or other power, not being manual or animal labour, or which before being brought into use require to be fixed with reference to other moving parts ; (c) apparatus and appliances, not to be operated by manual or animal labour, which are designed for use in an industrial system as parts indispensable for its operation and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose ; (d) control gear, self-acting or otherwise, and transmission-gear designed for use with any machinery above specified, including belting of all materials (other than cotton, hair and canvas ply) and driving chains, but excluding driving ropes not made of cotton ; (e) electrical wires and cables, insulated or not, and poles, troughs, conduits and insulators designed as parts of a transmission system, and the fittings thereof <i>Note.</i> —The term 'industrial system' used in sub-item (c) means an installation designed to be employed directly in the performance of any process or series of processes necessary for the manufacture, production or extraction of any commodity	Revenue	10 per cent <i>ad valorem</i>				Free
72(1)	THE FOLLOWING TEXTILE MACHINERY AND APPARATUS by whatever power operated, namely, healds, heald cords and heald knitting needles; reeds and shuttles, warp and weft preparation machinery and looms, bobbins and pirns, dobblies, Jacquard machines; Jacquard harness linen cords, Jacquard cards, punching plates for Jacquard cards, warping mills; multiple box sleys, solid border sleys, tape sleys; swivel sleys; tape looms; hosiery machinery, coil mat shearing machines, coil fibre willowing machines; heald knitting machines, dobby cards; lattices and lags for dobblies, wooden winders; silk looms, silk throwing and reeling machines, cotton yarn reeling machines; sizing machines; doubling machines, silk twisting machines, cone winding machines; piano card cutting machines; harness building frames, cards lacing frames; drawing and docting hooks; sewing thread balls making machines; cumuli finishing machinery, hank bobbins; cotton carding and spinning machines; mail eyes, ligoes, comb boards and comb board frames; take-up motions and temples; picking bands; picking sticks; printing machines; roller cloth; clearer cloth; sizing flannel; and roller skins. § ||	Revenue	10 per cent <i>ad valorem</i>				Free

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, coffee pulpers and component parts thereof are exempt from payment of import duty, provided that nothing shall be deemed to be a component part of a coffee pulper for the purpose of this exemption unless it is essential for the working of such machine and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 45-Customs, dated the 23rd October, 1948, articles specified in this item except belting are exempt from payment of so much of the customs duty leviable thereon as is in excess of 5 per cent. *ad valorem*.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 45-Customs, dated the 23rd October, 1948, graphite electrodes are exempt from the payment of customs duty leviable thereon.

§ Under Government of India, Finance Department (Central Revenues), Notifications No. 33, dated the 22nd June, 1935, as amended subsequently, and No. 44, dated the 1st August, 1942, the following textile machinery and apparatus and component parts thereof, namely, (1) ground stamping machines, (2) automatic hand repeating machines, (3) pattern cutting machines, (4) cloth analysis machines, (5) hand card punches and (6) automatic weaver knotters are also liable to duty at 10 per cent. *ad valorem*, provided that nothing shall be deemed to be a component part of textile machinery and apparatus for the purpose of this exemption unless it is essential for the working of such machinery and apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose. Under the same Notifications Jacquard harness linen cordage is liable to duty at 10 per cent. *ad valorem* or 4 annas per lb. whichever is higher and striking combs used in textile machinery at 10 per cent. *ad valorem*.

|| Under Government of India, Ministry of Finance (Revenue Division), Notification No. 45-Customs, dated the 23rd October, 1948, articles specified in this item except spinning rings, wire healds, pickers and bobbins are exempt from payment of so much of the customs duty leviable thereon as is in excess of 5 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty.	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony.	Burma.	
SECTION XVI - <i>contd</i>							
MACHINERY AND APPARATUS.							
ELECTRICAL MATERIAL.— <i>contd</i>							
72(2)	PRINTING AND LITHOGRAPHIC MATERIAL, namely, presses, lithographic plates, composing sticks, chases, imposing tables, lithographic stones, stereo-blocks, wood blocks, half-tone blocks, electro-type blocks, process blocks and highly polished copper or zinc sheets specially prepared for making process blocks, roller moulds, roller frames and stocks, roller composition, lithographic nap rollers, standing screw and hot presses, perforating machines, gold blocking presses, galley presses, proof presses, arming presses, copper plate printing presses, rolling presses, ruling machines, ruling pen making machines, lead cutters, rule cutters, slug cutters, type casting machines, type setting and casting machines, paper in rolls with side perforations to be used after further perforation for type-casting, rule bending machines, rule mitreing machines, browning machines, stereotyping apparatus, paper folding machines, paging machines but excluding ink and paper * †	Revenue	10 per cent <i>ad valorem</i>			Free	
72(3)	COMPONENT PARTS OF MACHINERY as defined in Items Nos 72, 72(1) and 72(2), namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose. Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the machine to which they belong if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable ‡	Revenue	10 per cent <i>ad valorem</i>			Free	
72(4)	PASSENGER LIFTS AND COMPONENT PARTS AND ACCESSORIES THEREOF.§	Revenue	25 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	
72(b)	DOMESTIC REFRIGERATORS¶ AND PARTS THEREOF such as are specially designed for use with such refrigerators	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>		10 per cent <i>ad valorem</i> .	
72(6)	MACHINERY AND COMPONENT PARTS THEREOF, meaning machines or parts of machines to be worked by manual or animal labour, not otherwise specified, and any machines (except such as are designed to be used exclusively in industrial processes) which require for their operation less than one-quarter of one-horse-power ¶	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i> .	
72(7)	WATER-LIFTS, SUGAR-MILLS, SUGAR CENTRIFUGES, SUGAR PUG-MILLS, OIL-PRESSES, AND PARTS THEREOF, when constructed so that they can be worked by manual or animal power and pans for boiling sugar-cane juice		Free				
72(8)	THE FOLLOWING AGRICULTURAL IMPLEMENTS, namely, winnowers, threshers, mowing and reaping machines, binding machines, elevators, seed and corn crushers, chaff-cutters, root-cutters, ensilage-cutters, horse and bullock gear, cultivators, scarifiers, harrows, cold-crushers, seed-drills, hay-tedders, potato-diggers, latex spouts, spraying machines, powder-blowers, white-ant exterminating machines, beet pullers, broadcast seeders, corn pickers, corn shellers, culti-packers, drag scrapers, stalk cutters, huskers and shredders, potato planters, lime sowers, manure spreaders, listers, soil graders, and rakes, also component parts of these implements, or machines, provided that they can be readily fitted into their proper places in the implements, or		Free				

* Under Government of India, Finance Department (Central Revenues), Notifications No 33, dated the 22nd June, 1935, as amended subsequently, and No. 44, dated the 1st August, 1942, the following printing machinery and apparatus, namely, composing racks and cases, composing cabinets, distamping machines, galley racks, embossing machines, graining machines, furniture cases and racks, line-up and register tables, book sewing machines, and cloth tripping machines are liable to duty at 10 per cent *ad valorem*.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No 45-Customs, dated the 23rd October, 1948, articles specified in this item are exempt from payment of so much of the customs duty leviable thereon as is in excess of 5 per cent. *ad valorem*.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No 45-Customs, dated the 23rd October, 1948, articles specified in this item except grinding wheels and segments are exempt from payment of so much of the customs duty leviable thereon as is in excess of 5 per cent. *ad valorem*.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Passenger lifts and component parts and accessories thereof are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Domestic refrigerators and parts thereof such as are specially designed for use with such refrigerators are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Typewriters and component parts thereof and office machines all sorts, not otherwise specified, operated by manual labour or requiring for their operation less than one-quarter of one horse-horse power and component parts thereof are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty.	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom.	A British Colony	Burma	
SECTION XVI - <i>contd.</i>							
MACHINERY AND APPARATUS. ELECTRICAL MATERIAL— <i>contd.</i>							
machines for which they are imported, and that they cannot ordinarily be used for purposes unconnected with agriculture * † ‡ §							
72(9)	THE FOLLOWING DAIRY AND POULTRY FARMING APPLIANCES, namely, cream separators, milk sterilizing or pasteurizing plant, milk aerating and cooling apparatus, churns, butter dryers, butter workers, milk-bottle fillers and cappers, apparatus specially designed for testing milk and other dairy produce, and incubators, also component parts of these appliances, provided that they can be readily fitted into their proper places in the appliances for which they are imported and that they cannot ordinarily be used for other than dairy and poultry farming purposes § *		Free				
72(10)	KNITTING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one brake-horse-power	Preferential revenue	36 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>		12 per cent <i>ad valorem</i>	
72(11)	SEWING MACHINES (and parts thereof) to be worked by manual labour or which require for their operation less than one quarter of one brake-horse-power -					10 per cent <i>ad valorem</i>	
	(a) of British manufacture	Protective	24 per cent <i>ad valorem</i>				March 31st, 1950
	(b) not of British manufacture	Protective	36 per cent <i>ad valorem</i>				March 31st, 1950
72(12)	BARE HARD DRAWN OR ANNEALED ELECTROLYTIC COPPER WIRES AND CABLES of all sizes, solid or stranded and ACSR (aluminium conductor steel reinforced)	Protective	30 per cent <i>ad valorem</i>			Free	March 31st, 1950
72(13)	STEEL BELT LACINGS	Protective	10 per cent <i>ad valorem</i>			Free	March 31st, 1950
72(14)	ELECTRIC MOTORS -	Protective	10 per cent <i>ad valorem</i>			Free	March 31st, 1950
	(i) Squirrel cage induction motors 1 to 30 brake-horse-power,						
	(ii) slip ring motors 15 to 50 brake-horse-power,						
	(iii) fractional brake-horse-power motors, and						
	(iv) all other electric motors not covered by the above						
72(15)	BOOT AND SHOE MANUFACTURING MACHINERY	Revenue	10 per cent <i>ad valorem</i>			Free	
72(16)	CINEMA-PROJECTING APPARATUS	Revenue	10 per cent <i>ad valorem</i>			Free	
72(17)	METAL WORKING MACHINERY other than machine tools	Revenue	10 per cent <i>ad valorem</i>			Free	
72(18)	MINING MACHINERY	Revenue	10 per cent <i>ad valorem</i>			Free	
72(19)	OIL-CRUSHING AND REFINING MACHINERY	Revenue	10 per cent <i>ad valorem</i>			Free	
72(20)	PETROLEUM AND GASWELL DRILLING EQUIPMENT	Revenue	10 per cent <i>ad valorem</i>			Free	
72(21)	REFRIGERATING MACHINERY other than domestic refrigerators	Revenue	10 per cent <i>ad valorem</i>			Free	
72(22)	SOUND RECORDING APPARATUS for the production of cinema films	Revenue	10 per cent <i>ad valorem</i>			Free	
72(23)	SUGAR MANUFACTURING AND REFINING MACHINERY.	Revenue	10 per cent <i>ad valorem</i>			Free	
72(24)	MACHINES for the carding, spinning and washing of wool	Revenue	10 per cent <i>ad valorem</i>			Free	
72(25)	COMPONENT PARTS of boot and shoe manufacturing machinery, cinema projecting apparatus, metal working machinery other than machine tools, mining machinery, oil crushing and refining machinery, petroleum and gaswell drilling equipment, refrigerating machinery other than domestic refrigerators, sound-recording apparatus for the production of cinema films, sugar manufacturing and refining machinery and machines for the carding, spinning and washing of wool, namely, such parts only as are essential for the working of the machine or apparatus and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose, but excluding electric motors, belting and steel belt lacing, wire hauls, bobblins and pickers.	Revenue	10 per cent <i>ad valorem</i>			Free	

* Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1935, the following agricultural machines and implements, namely, flame throwers for attachment to spraying machines designed for the extermination of locusts, and latex cups, are exempt from payment of import duty.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 39-Customs, dated the 11th September, 1948, hay loaders imported into the Provinces of India are exempt from payment of customs duty leviable thereon.

‡ Under Government of India, Finance Department (Revenue Division), Notification No. 17-Customs, dated the 19th July, 1947, transplanters used for agricultural purposes in transplanting seedlings and young plants, are exempt from payment of import duty.

§ Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (1) dairy appliances, excluding transport containers and articles included in this item, provided they are specially designed as dairy appliances and for use for milking the cow or for any subsequent process carried out in the dairy in connection with milk, cream, butter or cheese and (2) component parts of such dairy appliances, provided they can be readily fitted into their proper places in the appliances for which they are imported and they cannot ordinarily be used for other than dairy purposes are exempt from payment of import duty.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 29-Customs, dated the 5th June, 1948, appliances for rearing chickens imported into the Provinces of India are exempt from payment of the customs duty leviable thereon.

|| Under Government of India, Ministry of Finance (Revenue Division), Notification No. 50-Customs, dated the 4th December, 1948, Seed Dressing Machines and Cascade Seed Dressers imported into any Province of India, are exempt from the payment of the customs duty leviable thereon.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma.	
SECTION XVI - <i>contd.</i>							
MACHINERY AND APPARATUS, ELECTRICAL MATERIAL.— <i>contd</i>							
72(26)	TYPEWRITERS	Revenue	20 per cent <i>ad valorem</i>			10 per cent. <i>ad valorem.</i>	
72(27)	COMPONENT PARTS OF TYPEWRITERS	Revenue	20 per cent <i>ad valorem</i>			10 per cent. <i>ad valorem.</i>	
72(28)	OFFICE MACHINES, all sorts, not otherwise specified, operated by manual labour or requiring for their operation less than one-quarter of one brake horse-power and component parts thereof	Revenue	20 per cent <i>ad valorem</i>			10 per cent. <i>ad valorem.</i>	
72(29)	PLOUGH AND PARTS THEREOF		Free				
72(30)	AGRICULTURAL TRACTORS AND PARTS THEREOF		Free				
72(31)	HAY PRESSES		Free				
72(32)	MILKING MACHINES		Free				
72(33)	PICKERS, used in textile industries		10 per cent <i>ad valorem</i>				March 31st, 1951.
73	ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, not otherwise specified, excluding telegraphic and telephonic	Preferential revenue	36 per cent <i>ad valorem</i>	24 per cent. <i>ad valorem.</i>		12 per cent. <i>ad valorem.</i>	
73(1)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely Electrical Control Gear and Transmission Gear, namely, switches (excluding switch-boards), fuses and current-breaking devices of all sorts and descriptions, designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts, and regulators for use with motors designed to consume less than 187 watts, insulated copper wires and cables, any one core of which, not being one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, and wires and cables of other metals of not more than equivalent conductivity, and line insulators, including also cleats, connectors, leading-in tubes and the like, of types and sizes such as are ordinarily used in connection with the transmission of power for other than industrial purposes, and the fittings thereof but excluding electrical earthenware and porcelain otherwise specified	Preferential revenue	36 per cent <i>ad valorem</i>	24 per cent. <i>ad valorem.</i>		12 per cent. <i>ad valorem.</i>	
73(2)	THE FOLLOWING ELECTRICAL INSTRUMENTS, APPARATUS AND APPLIANCES, namely, telegraphic and telephonic instruments, apparatus and appliances not otherwise specified, condensers, and bell apparatus, and switch-boards designed for use in circuits of less than ten amperes and at a pressure not exceeding 250 volts; also accumulators and batteries not otherwise specified * † § **	Revenue	30 per cent <i>ad valorem</i>			10 per cent. <i>ad valorem</i>	

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following wireless apparatus is liable to duty at 3 per cent *ad valorem* :—

- (i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus, when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Director-General, All-India Radio, if the apparatus is imported for the All-India Radio, by the General Manager, Overseas Communications Service, Government of India, if the apparatus is imported for Overseas Communications Service, by the Officer Commanding, Aircraft Depot, Royal Air Force, India, if the apparatus is imported by the Royal Air Force, by the following officers, if the apparatus is imported by the Royal Indian Navy, namely—at Bombay, by the Naval Store Officer, and at Calcutta and Madras, by the Agent for Government Consignments concerned, and by the following officers, if imported for the Army, namely—at Bombay, by the Ordnance Officer, Bombay Depot, at Calcutta, by the Embarkation Supply and Stores Officer at that port and at other ports, by the Agent for Government Consignments concerned.

(ii) apparatus for wireless reception incorporated in a single unit with transmitting apparatus :

- (iii) wireless transmission apparatus and component parts thereof.

Provided that nothing shall be deemed to be a component part of apparatus for wireless telegraphy or telephony for the purpose of this exemption unless it is essential for the working of such apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, telegraphic instruments and apparatus and parts thereof imported for supply from bond for use of a Railway Administration are liable to duty at 18½ per cent. *ad valorem*, provided that, (i) at the time of delivering the bill-of-entry for warehousing a declaration is made thereon by the importer to the effect that the goods have been imported for supply from bond for the use of a Railway Administration, and (ii) a certificate from an Officer of the Railway Administration, duly empowered in that behalf by the Agent, is produced along with the application for clearance out of bond that the goods in question are not merely guaranteed stock, but will be definitely appropriated for the use of such Railway on clearance from bond.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently; carbon blocks such as are ordinarily used for the manufacture of carbon brushes for electrical motors and generators are liable to duty at 18 per cent. *ad valorem*.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, carbons, electric, and electro-medical apparatus are exempt from payment of so much of the customs duty leviable thereon; as is in excess of 20 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

** Under Government of India, Ministry of Commerce, Notification No. 218-T/11(4)/48, dated the 4th November, 1948, and in exercise of the powers conferred by section 2 of the Protective Duties Act, 1940, articles named in the table below shall be assessable, with effect from the 4th November, 1948, at the following rates of customs duty, which includes the duties imposed by the Indian Tariff Act, 1934 :—

TABLE

Articles.	Standard rate of duty.	Rates of total duty.	
			Preferential rate of duty if the article is the produce or manufacture of the United Kingdom.
Batteries for motor vehicles (including those batteries which are interchangeable for automobile purposes on the one hand and radio telephone and telegraph on the other) and plates for those batteries, assessable under item 75(1) of First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934).	87½ per cent. <i>ad valorem</i>	80 per cent. <i>ad valorem</i> .	

SCHEDULE 1—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty
				The United Kingdom	A British Colony	Burma	
SECTION XVI— <i>contd.</i>							
MACHINERY AND APPARATUS; ELECTRICAL MATERIAL— <i>contd.</i>							
73(3)	TELEGRAPHIC INSTRUMENTS AND APPARATUS AND PARTS THEREOF, imported by, or under the orders of, a Railway Administration	Revenue	18½ per cent <i>ad valorem</i>			Free	
73(4)	COMPLETE WIRELESS RECEIVERS* † ‡	Preferential revenue	50 per cent <i>ad valorem</i>	44 per cent, <i>ad valorem</i>		20 per cent <i>ad valorem</i>	
73(5)	ELECTRICAL EARTHENWARE AND PORCELAIN, the following, namely —					12 per cent <i>ad valorem</i>	
	(a) Insulators, Shackle, Sinclair, Cordaux or Pin-type, not otherwise specified—						
	(i) fitted	Revenue	25 per cent <i>ad valorem</i> or Ru. 1-2 per dozen, whichever is higher plus one-fifth of the total duty				
	(ii) not fitted	Revenue	25 per cent <i>ad valorem</i> or fourteen annas per dozen, whichever is higher plus one-fifth of the total duty				
	(b) Two-way cleats	Revenue	25 per cent <i>ad valorem</i> or four annas per gross of pairs, whichever is higher plus one-fifth of the total duty.				
	(c) Spacing Insulators	Revenue	25 per cent <i>ad valorem</i> or two annas per gross, whichever is higher plus one-fifth of the total duty				
	(d) Ceiling roses—						
	(i) fitted	Revenue	25 per cent <i>ad valorem</i> or ten annas per dozen, whichever is higher plus one-fifth of the total duty				
	(ii) not fitted	Revenue	25 per cent <i>ad valorem</i> or eight annas per dozen, whichever is higher plus one-fifth of the total duty				
	(e) Joint-box cut-outs—						
	(i) fitted	Revenue	25 per cent <i>ad valorem</i> or eight annas per dozen, whichever is higher plus one-fifth of the total duty				
	(ii) not fitted	Revenue	25 per cent <i>ad valorem</i> or six annas per dozen, whichever is higher plus one-fifth of the total duty				
73(6)	RUBBER-INSULATED COPPER WIRES AND CABLES, no core of which, other than one specially designed as a pilot core, has a sectional area of less than one-eightieth part of a square inch, whether made with any additional insulating or covering material or not.	Revenue	7½ per cent <i>ad valorem</i>			Free	
73(7)	DRY BATTERIES	Protective	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	March 31st, 1950.*
73(8)	CARBONS, ELECTRIC	Revenue	20 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
73(9)	ELECTRO-MEDICAL APPARATUS	Revenue	20 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, the following wireless apparatus is liable to duty at 3 per cent *ad valorem*—

(i) apparatus for wireless reception [excluding apparatus specially designed for the reception of broadcast wireless and apparatus of the description specified in clause (ii)] and component parts of such apparatus when imported under cover of (a) a certificate issued by the Director-General of Posts and Telegraphs to the effect that he is satisfied that the apparatus will not be used for the reception of broadcast wireless or (b) a certificate to the same effect issued by the Director-General, All-India Radio, if the apparatus is imported for the All-India Radio, by the General Manager, Overseas Communications Service, Government of India, if the apparatus is imported for Overseas Communications Service, by Officer Commanding, Aircraft Depot, Royal Air Force, India, if the apparatus is imported by the Royal Air Force, by the following officers, if the apparatus is imported by the Royal Indian Navy, namely—At Bombay by the Naval Store Officer, and at Calcutta and Madras, by the Agent for Government Consignments concerned, and by the following officers if imported for the Army, namely at Bombay by the Ordnance Officer, Bombay Depot, at Calcutta by the Embarkation Supply and Stores Officer at that port and at other ports by the Agent for Government Consignments concerned.

(ii) apparatus for wireless reception incorporated in a single unit with transmitting apparatus.

(iii) wireless transmission apparatus and component parts thereof.

Provided that nothing shall be deemed to be a component part of apparatus for wireless telegraphy or telephony for the purpose of this exemption unless it is essential for the working of such apparatus and has been given for that purpose some special shape or quality that would not be essential for its use for any other purpose.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Complete Wireless receivers, electric valves specially designed for wireless reception instruments and component parts of wireless reception instruments other than electric valves are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent *ad valorem*, when duty is leviable at the 'Standard' rate, and 44 per cent *ad valorem* when duty is leviable at the 'Preferential rate', as applicable to the produce or manufacture of the United Kingdom. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, combination radio-phonographs are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 54 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma.	
	SECTION XVI—<i>concl'd</i> MACHINERY AND APPARATUS, ELECTRICAL MATERIAL—<i>concl'd</i>						
73(10)	ELECTRIC VALVES, specially designed for wireless reception instruments	Preferential revenue.	50 per cent <i>ad valorem</i> .	44 per cent. <i>ad valorem</i>	....	10 per cent. <i>ad valorem</i>.	....
73(11)	COMPONENT PARTS, amplifiers and loud-speakers of wireless reception instruments other than electric valves	Preferential revenue	50 per cent <i>ad valorem</i> .	44 per cent. <i>ad valorem</i>	..	20 per cent. <i>ad valorem</i>.	....
73(12)	COMBINATION RADIOPHONOGRAPHS	Preferential revenue	54 per cent <i>ad valorem</i> .	48 per cent. <i>ad valorem</i>	...	20 per cent. <i>ad valorem</i>.	....
73(13)	WIRELESS TRANSMISSION APPARATUS	Preferential revenue	30 per cent. <i>ad valorem</i>	20 per cent. <i>ad valorem</i>	..		....
73(14)	FLASHLIGHTS	Preferential revenue	37½ per cent. <i>ad valorem</i> .			10 per cent. <i>ad valorem</i>.	....
73(15)	BATTERIES FOR MOTOR VEHICLES (including batteries which are inter-changeable for automobile purposes on the one hand and radio, telephone and telegraph on the other) and plates for such batteries						
	(a) of British manufacture	Protective	80 per cent <i>ad valorem</i>				March 31st, 1950.
	(b) not of British manufacture	Protective	Preferential rate of duty actually charged for the time being for such products of United Kingdom origin plus 6 per cent <i>ad valorem</i>				March 31st, 1950.
	SECTION XVII. TRANSPORT MATERIAL						
74	COAL TERS, TIPPING WAGONS AND THE LIKE CONVEYANCES, designed for use on light rail track, if adapted to be worked by manual or animal labour and if made mainly of iron or steel, and component parts thereof made of iron or steel					Free	
	(a) of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India,* or 10 per cent. <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				
	(b) not of British manufacture	Revenue	1½ times the excise duty leviable for the time being on steel ingots produced in British India* plus Rs 40 per ton, or 20 per cent <i>ad valorem</i> , whichever is higher plus one-fifth of the total duty				...
74(1)	TRAMCARS AND COMPONENT PARTS AND ACCESSORIES THEREOF	Revenue	30 per cent. <i>ad valorem</i>			12 per cent. <i>ad valorem</i>.	....
74(2)	RAILWAY MATERIALS FOR PERMANENT-WAY AND ROLLING STOCK, namely, sleepers, other than iron and steel and wood, and instances thereof, bearing plates, chains interlocking apparatus, brake-gear, shunting skids, couplings and springs, signals, turn-tables, weigh-bridges, carriages, wagons, traversers, rail removers, scooters, trolleys, trucks, also cranes, water-crane and water-tanks when imported by or under the orders of a railway administration†	Revenue	18½ per cent. <i>ad valorem</i>			Free	....
	Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1900, and includes a railway constructed in a State in India and also such tramways as the Central Government may by notification in the Official Gazette specifically include therein						
	Provided also that articles of machinery as defined in Item No 72 or No 72(3) shall not be deemed to be included hereunder						
74(3)	COMPONENT PARTS OF RAILWAY MATERIALS, as defined in Item No 74(2), namely, such parts only as are essential for the working of railways and have been given for that purpose some special shape or quality which would not be essential for their use for any other purpose.	Revenue	18½ per cent. <i>ad valorem</i>			Free	....
	Provided that articles which do not satisfy this condition shall also be deemed to be component parts of the railway material to which they belong, if they are essential to its operation and are imported with it in such quantities as may appear to the Collector of Customs to be reasonable						

* The rate of excise duty on the 1st January, 1949, and until further notice, on all steel ingots produced in British India is Rs. 4 per ton.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Wooden railway sleepers are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 15 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October 1947. The additional duties of customs leviable under section 6 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article.	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma	
SECTION XVII— <i>contd.</i>							
TRANSPORT MATERIAL— <i>contd.</i>							
74(4)	WOODEN RAILWAY SLEEPERS, when imported by or under the orders of a railway administration	Revenue	15 per cent <i>ad valorem</i>			Free	
	Provided that for the purpose of this entry 'railway' means a line of railway subject to the provisions of the Indian Railways Act, 1890, and includes a railway constructed in a State in India and also such tramways as the Central Government may, by notification in the Official Gazette, specifically include therein.						
75	CONVEYANCES not otherwise specified, and component parts and accessories thereof other than batteries; also motor vans and motor lorries imported complete.	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
75(1)	MOTOR CARS INCLUDING TAXI CARS AND ARTICLES (other than rubber tyres, tubes and batteries) adapted for use as parts and accessories thereof, provided that such articles as are ordinarily also used for other purposes than as parts and accessories of motor vehicles included in this item or in Items Nos. 75(2) and 75(3) shall be dutiable at the rate of duty specified for such articles *	Preferential revenue	Preferential rate for United Kingdom plus 6 per cent <i>ad valorem</i>	54 per cent <i>ad valorem</i>		20 per cent <i>ad valorem</i>	
75(2)	MOTOR CYCLES AND MOTOR SCOOTERS AND ARTICLES (other than rubber tyres and tubes) adapted for use as parts and accessories thereof except such articles as are also adapted for use as parts and accessories of motor cars.	Preferential revenue	45 per cent <i>ad valorem</i>	36 per cent <i>ad valorem</i>		24 per cent <i>ad valorem</i>	
75(3)	MOTOR OMNIBUSES, chassis of motor omnibuses, motor vans and motor lorries, and parts of mechanically propelled vehicles and accessories, not otherwise specified, excluding rubber tyres, tubes and batteries, and such parts and accessories of motor vehicles included in this item as are also adapted for use as parts and accessories of motor cars	Preferential revenue	30 per cent <i>ad valorem</i>	21 per cent <i>ad valorem</i>		per cent <i>ad valorem</i> .	
75(4)	CARRIAGES AND CARTS which are not mechanically propelled, not otherwise specified, and parts and accessories thereof, excluding rubber tyres and tubes	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i> .	
75(5)	CYCLES (other than motor cycles) imported entire or in sections—						
	(a) of British manufacture	Protective	24 per cent <i>ad valorem</i>				March 31st, 1952.
	(b) not of British manufacture	Protective	36 per cent <i>ad valorem</i>				March 31st, 1952
75(6)	FRAMES FOR CYCLES (other than motor cycles)—						
	(a) of British manufacture	Protective	24 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	March 31st, 1952
	(b) not of British manufacture	Protective	36 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i> .	March 31st, 1952.
75(7)	HANDLE-BARS FOR CYCLES (other than motor cycles) —					10 per cent <i>ad valorem</i>	
	(a) of British manufacture	Protective	24 per cent. <i>ad valorem</i>				March 31st, 1952
	(b) not of British manufacture	Protective	36 per cent <i>ad valorem</i>				March 31st, 1952.
75(8)	ALL OTHER PARTS AND ACCESSORIES OF CYCLES (other than motor cycles) not otherwise specified (excluding rubber tyres and tubes)—					10 per cent <i>ad valorem</i>	
	(a) of British manufacture	Protective	66 per cent <i>ad valorem</i>				March 31st, 1952.
	(b) not of British manufacture	Protective	70 per cent <i>ad valorem</i>				March 31st, 1952.
76	AEROPLANES, AEROPLANE PARTS, AEROPLANE ENGINES, AEROPLANE ENGINE PARTS AND RUBBER TYRES AND TUBES, used exclusively for aeroplanes †	Revenue	3 per cent <i>ad valorem</i>				

* Under Government of India, Ministry of Commerce, Notification No. 218-T/II(4)/48, dated the 4th November, 1948, and in exercise of the powers conferred by section 2 of the Protective Duties Act, 1946, articles named in the table below shall be assessable, with effect from the 4th November 1948, at the following rates of customs duty, which includes the duties imposed by the Indian Tariff Act, 1934 —

TABLE

Articles.	Rates of total duty.	
	Standard rate of duty.	Preferential rate of duty if the article is the produce or manufacture of the United Kingdom.
Batteries for motor vehicles (including those batteries which are interchangeable for automobile purposes on the one hand and radio, telephone and telegraph on the other) and plates for those batteries, assessable under item 75(1) of the First Schedule to the Indian Tariff Act, 1934 (XXXII of 1934).	87½ per cent <i>ad valorem</i>	80 per cent. <i>ad valorem</i>

† Under Government of India, Finance Department (Central Revenue), Notification No. 33, dated the 22nd June, 1935, (1) aircraft (other than aeroplanes) such as autogyros, airships, and the like, their parts, their engines, and (2) aircraft materials, such as doped, 3-ply wood, duralumin sheets and fabric which have been given for use as aircraft materials some special shape or quality which would not be essential for their use for any other purpose are liable to duty at 3 per cent. *ad valorem*.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No.	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma.	
SECTION XVII <i>conold</i>							
TRANSPORT MATERIAL <i>conold</i>							
70(1)	SHIPS AND OTHER VESSELS* for inland and harbour navigation, including steamers, launches, boats and barges, imported entire or in sections	Revenue	18½ per cent <i>ad valorem</i>			Free	
	Provided that articles of machinery as defined in Item No. 72 or No. 72(c) shall, when separately imported, not be deemed to be included hereunder						
70(2)	LIGHT SHIPS		Free				
70(3)	FURNITURE TACKLE AND APPAREL, not otherwise described, for steam sailing, towing and other vessels	Revenue	30 per cent <i>ad valorem</i>			12 per cent <i>ad valorem</i>	
SECTION XVIII.							
SCIENTIFIC AND PRECISION INSTRUMENTS AND APPARATUS, WATCH MAKERS' AND CLOCK MAKERS' WARES, MUSICAL INSTRUMENTS							
	INSTRUMENTS, APPARATUS AND APPLIANCES, other than electrical, all sorts not otherwise specified †	Preferential revenue	30 per cent <i>ad valorem</i>	24 per cent <i>ad valorem</i>		12 per cent <i>ad valorem</i>	
7(1)	INSTRUMENTS, APPARATUS AND APPLIANCES, imported by a passenger as part of his personal baggage and in actual use by him in the exercise of his profession or calling						
7(2)	SCIENTIFIC, PHILOSOPHICAL AND SURGICAL INSTRUMENTS, APPARATUS AND APPLIANCES † &	Revenue	30 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
7(3)	ARTIFICIAL TEETH	Preferential revenue	30 per cent <i>ad valorem</i>		18 per cent <i>ad valorem</i>	6 per cent <i>ad valorem</i>	
	OPTICAL INSTRUMENTS, APPARATUS AND APPLIANCES	Preferential revenue	20 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
	PHOTOGRAPHIC INSTRUMENTS, APPARATUS AND APPLIANCES	Preferential revenue	45 per cent <i>ad valorem</i>	33 per cent <i>ad valorem</i>		10 per cent <i>ad valorem</i>	
	CLOCKS AND WATCHES AND PARTS THEREOF, not otherwise specified †	Revenue	75 per cent <i>ad valorem</i>			20 per cent <i>ad valorem</i>	
78(1)	ONE DAY ALARM CLOCKS	Revenue	50 per cent <i>ad valorem</i>			10 per cent <i>ad valorem</i>	
79	MUSICAL INSTRUMENTS AND PARTS THEREOF, all sorts, and records for talking machines ‡	Revenue	50 per cent <i>ad valorem</i>			20 per cent <i>ad valorem</i>	
SECTION XIX.							
ARMS AND AMMUNITION							
	SAVE WHERE OTHERWISE SPECIFIED, all articles which are arms or parts of arms within the meaning of the Indian Arms Act, 1878 (excluding springs used for air guns) all tools used for cleaning or putting together the same, all machines for marking, loading, closing or capping cartridges for arms other than rifle arms and all other sorts of ammunition and military stores, and any articles which the Central Government may, by notification in the Official Gazette declare to be ammunition or military stores for the purposes of this Act **	Revenue	60 per cent <i>ad valorem</i>			24 per cent <i>ad valorem</i>	
	SUBJECT TO THE EXEMPTIONS SPECIFIED IN ITEM No. 9(3), FIREARMS, including gas and air guns, revolvers and air rifles and gas and air pistols, not otherwise specified but excluding parts and accessories thereof **	Revenue	Rs. 18-12 each or 35½ per cent <i>ad valorem</i> , whichever is higher plus 12½ per cent <i>ad valorem</i> plus one-fifth of the total duty			24 per cent <i>ad valorem</i>	

* Under Government of India, Ministry of Finance (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, (a) ocean going vessels, imported to be broken up, and (b) parts of vessels under repair removed for replacement are liable to duty at 18½ per cent *ad valorem*; provided that articles contained in any such vessel not forming part of her necessary tackle, apparel or furniture (e.g. pianos, crockery, cutlery) shall be assessed to duty separately under the appropriate items of the Tariff.

† Under Government of India, Ministry of Finance (Central Revenues), Notifications No. 33, dated the 22nd June, 1935, and No. 44, dated the 1st August, 1942 photographic films are liable to duty at 10 per cent *ad valorem*.

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Optical instruments are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 20 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 4 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 45-Customs, dated the 23rd October, 1948, Rough lens blanks, unwrought optical glass in blocks, moulds and sheets and spectacle crown sheet glass are exempt from the payment of so much of the customs duty leviable thereon as is in excess of 20 per cent *ad valorem*.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, one-day alarm clocks are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

• Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Musical instruments and parts thereof, all sorts, and records for talking machines are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 50 per cent *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on these articles.

** Under Government of India, Ministry of Finance (Central Revenues), Notification No. 33, dated the 22nd June, 1935, arms forming part of military equipment of officers and non-commissioned officers of foreign armies detailed for training at Army Schools of Instruction in India are exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*contd.*

Item No	Name of article	Nature of duty.	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony	Burma	
SECTION XIX—concl.							
ARMS AND AMMUNITION—concl							
80(2)	SUBJECT TO THE EXEMPTIONS SPECIFIED IN Item No 80(3)–						24 per cent. <i>ad valorem</i>
	(a) Barrels, whether single or double, for firearms, including gas and air guns, gas and air rifles, and gas and air pistols, not otherwise specified	Revenue	Rs 18-12 each	} 37½ per cent. <i>ad valorem</i> , whichever is higher, plus 12½ per cent. <i>ad valorem</i> plus one-fifth of the total duty			
	(b) Main springs and magazine springs for firearms, including gas guns, gas rifles and gas pistols	Revenue	Rs 6-4 each				
	(c) Gun stocks and breech blocks	Revenue	Rs 3-12 each				
	(d) Revolver cylinders, to each cartridge they will carry	Revenue	Rs 2-8 each				
	(e) Actions (including skeleton and waster), breech bolts and their heads, cocking pieces, and locks for muzzle loading arms	Revenue	Rs 1-4 each				
	(f) Machines for racking, loading, or closing cartridges for rifled arms	Revenue	60 per cent	<i>ad valorem</i>			
	(g) Machines for capping cartridges for rifled arms	Revenue	60 per cent	<i>ad valorem</i>			
THE FOLLOWING ARMS, AMMUNITIONS AND MILITARY STORES			Free				
	(a) Arms forming part of the regular equipment of a commissioned or gazetted officer in His Majesty's Service entitled to wear diplomatic, military, naval, Royal Air Force or police uniform						
	(b) A revolver and an automatic pistol and ammunition for such revolver and pistol up to a maximum of 100 rounds per revolver or pistol, (i) when accompanying a commissioned officer of His Majesty's regular forces, or of the Indian Auxiliary Force or the Indian Territorial Force or a gazetted police officer, or (ii) certified by the commandant of the corps to which such officer belongs, or, in the case of an officer not attached to any corps, by the officer commanding the station or district in which such officer is serving or, in the case of a police officer, by an Inspector General or Commissioner of Police, to be imported by the officer for the purpose of his equipment						
	(c) Swords for presentation as army or volunteer prizes						
	(d) Arms, ammunition and military stores imported with the sanction of the Central Government for the use of any portion of the military forces of a State in India being a unit notified in pursuance of the First Schedule to the Indian Extradition Act, 1903						
	(e) Morris tubes and patent ammunition imported by officers commanding British and Indian regiments or volunteer corps for the instruction of their men *						
80(4)	ORNAMENTAL ARMS OF AN OBSOLETE PATTERN possessing only an antiquarian value, masonic and theatrical and ivory dress swords, provided they are virtually useless for offensive or defensive purposes, and dials intended exclusively for domestic, agricultural and industrial purposes	Revenue	30 per cent	<i>ad valorem</i>			12 per cent. <i>ad valorem</i>
81	CARTRIDGE CASES, filled and empty	Revenue	60 per cent	<i>ad valorem</i>			24 per cent. <i>ad valorem</i>
SECTION XX.							
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED							
82	CORAL, prepared	Revenue	30 per cent	<i>ad valorem</i>			12 per cent. <i>ad valorem</i>
82(1)	IVORY, manufactured, not otherwise specified	Revenue	75 per cent.	<i>ad valorem</i>			20 per cent. <i>ad valorem</i>
82(2)	BANGLES AND BEADS, not otherwise specified	Revenue	60 per cent	<i>ad valorem</i>			24 per cent. <i>ad valorem</i>
83	BRUSHES, all sorts	Revenue	30 per cent	<i>ad valorem</i>			12 per cent. <i>ad valorem</i>
84	TOYS, GAMES, PLAYING CARDS AND REQUISITES FOR GAMES AND SPORTS (excluding fishing hooks), bird shot, toy cannons, air guns and air pistols for the time being excluded in any part of British India from the operation of all	Revenue	75 per cent	<i>ad valorem</i>			10 per cent. <i>ad valorem</i>

* Under Government of India, Finance Department (Central Revenues), Notification No 33, dated the 22nd June, 1935, as amended subsequently, 22 inch Adapters, aim teachers and aperture sights for service rifles imported by officers commanding a unit of the Army in India for the instruction of their men are also exempt from payment of import duty.

SCHEDULE I—IMPORT TARIFF—*concl'd.*

Item No	Name of article	Nature of duty	Standard rate of duty	Preferential rate of duty if the article is the produce or manufacture of			Duration of protective rates of duty.
				The United Kingdom	A British Colony.	Burma	
SECTION XX—concl'd							
MISCELLANEOUS GOODS AND PRODUCTS NOT ELSEWHERE INCLUDED—concl'd							
the prohibitions and directions contained in the Indian Arms Act, 1878, and bows and arrows * †							
84(1)	FISHING HOOKS	Revenue	30 per cent <i>ad valorem</i>				....
85	BUTTONS, metal	Revenue	30 per cent <i>ad valorem</i>			12 per cent.	....
86(1)	SMOKERS' REQUISITES, excluding tobacco and matches	Revenue	75 per cent <i>ad valorem</i>			<i>ad valorem</i> . Mechanical lighters— 20 per cent <i>ad valorem</i> plus the amount of the excise duty on mechanical lighters manufactured in India ‡; plus one-fifth of the total duty; all others— 20 per cent. <i>ad valorem</i>	....
Provided that mechanical lighters as defined in the Mechanical Lighters (Excise Duty) Act, 1934, shall be liable in addition to a duty equal to the amount of the excise duty imposed by that Act, on mechanical lighters manufactured in British India ‡							
SECTION XXI.							
WORKS OF ART AND ARTICLES FOR COLLECTIONS							
86	PRINTS, ENGRAVINGS AND PICTURES (including photographs and picture post cards), not otherwise specified ||	Revenue	60 per cent <i>ad valorem</i>		....		..
86(1)	ART, works of, not otherwise specified	Revenue	30 per cent <i>ad valorem</i>		..	12 per cent <i>ad valorem</i>	
86(2)	ART, the following works of: (1) statuary and pictures intended to be put up for the public benefit in a public place, and (2) memorials of a public character intended to be put up in a public place, including the materials used, or to be used in their construction, whether worked or not		Free				
86(3)	SPECIMENS, MODELS AND WALL DIAGRAMS, illustrative of natural science, and medals and antique coins ||		Free		....		....
86(4)	POSTAGE STAMPS, whether used or unused		Free		....		..
SECTION XXII.							
ARTICLES NOT OTHERWISE SPECIFIED							
87	ALL OTHER ARTICLES not otherwise specified, including articles imported by post ** †† ‡‡ § §	Revenue	30 per cent <i>ad valorem</i>.	..	....	12 per cent <i>ad valorem</i>	..

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Fishing hooks are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 30 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, children's toys (other than requisites for games and sports) are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of the Cottage Industries of Pakistan and are imported therefrom into any Province of India.

‡ The reference to the Mechanical Lighters (Excise Duty) Act, 1934, must, by virtue of section 8 of the General Clauses Act, 1897, be read as a reference to the corresponding provision of the Central Excises and Salt Act, 1944. The rate of excise duty under the latter Act is Rs. 3 per lighter. By virtue of section 6 of the Indian Finance Act, 1942, the amount of duty (viz., 50 per cent *ad valorem* as standard rate plus Rs. 3 per lighter under the above proviso) is to be increased by one-fifth and thus stands at 60 per cent *ad valorem* as standard rate (as shown) plus Rs. 3 3/5 per lighter under the proviso.

‖ Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, wall pictures and diagrams such as are ordinarily used for instructional purposes are exempt from payment of import duty.

** Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, unmanufactured mica and wreaths imported for being placed on graves are exempt from payment of import duty and stereo-slung is liable to duty at 10 per cent. *ad valorem*.

†† Under Government of India, Finance Department (Central Revenues), Notification No. 2-Customs, dated the 24th February, 1945, holite and cellulose acetate sheets are exempt from so much of the duty as is in excess of the duty leviable on printing and lithographic material.

‡‡ Under Government of India, Finance Department (Central Revenues), Notification No. 1-Customs, dated the 9th March, 1946, as subsequently amended by Government of India, Ministry of Finance (Revenue Division), Notification No. 40-Customs, dated the 18th September, 1948, celluloid, raw, for the manufacture of dressing combs, asbestos, raw, including fibre; Bristles for brush making, including artificial or synthetic bristles, Dummuts for the manufacture of buttons and Carlton black for the manufacture of printing ink and black paint are exempt from the payment of the customs duty leviable thereon.

Under this Notification, as subsequently amended by Government of India, Ministry of Finance (Revenue Division) Notification No. 28-Customs, dated the 29th May, 1948, raw materials and component parts, other than glass bulbs, required for the manufacture of electric lamps, such as

- (i) Getter
- (ii) Lamp Caps
- (iii) Filament wires
- (iv) Leading-in-wires
- (v) Unmounted feet and 'E' wires
- (vi) Molybdenum wires and rods
- (vii) Glass tubules and rods
- (viii) Maudslayi wires made of steel or any other suitable material.
- (ix) Forming Gas
- (x) Nitrogen gas.
- (xi) Rare gases like Argon, Neon and Krypton.
- (xii) Bakelite capping or basing cement.
- (xiii) Stamping paste and acid.
- (xiv) Cap marking ink.
- (xv) Phosphorus Pentoxide.
- (xvi) Red Phosphorus.
- (xvii) Calcium Fluoride.
- (xviii) Hydrofluoric Acid.

are also exempt from payment of the customs duty leviable thereon.

(Note.—As these articles fall under more than one tariff item, they have, for the sake of convenience, been shown together under this item.)

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 31-Customs, dated the 6th July, 1948, Wall boards of wood fibre are exempt from payment of so much of the customs duty leviable thereon, as is in excess of 25 per cent. *ad valorem*. This exemption is granted to implement the General Agreement on Tariffs and Trade, the text of which was authenticated by the Government of India at Geneva on the 30th October, 1947. The additional duties of customs leviable under section 5 of the Indian Finance Act, 1948, shall not be levied and collected on this article.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 42-Customs, dated the 9th October, 1948, Gypsum; and articles of Cottage Industries of Pakistan (other than requisites for games and sports), made of leaves, reed, wood or bamboo, Wickerwork and basketware are exempt from the payment of customs duty leviable thereon, provided they are the produce or manufacture of the Cottage Industries of Pakistan and are imported therefrom into any Province of India.

SCHEDULE II—EXPORT TARIFF.

Item No.	Name of article.	Per	Rate of duty
	JUTE, INCLUDING HIMLIPATAM JUTE AND MESTA FIBRE.		
1	RAW JUTE--		Rs. a. p.
	(1) Cuttings	Bale of 400 lbs	4 8 0
	(2) All other descriptions	Bale of 400 lbs.	15 0 0
2	JUTE MANUFACTURES, when not in actual use as coverings, receptacles or bindings, for other goods—		
	(1) Sacking (cloth, bags, twist, yarn, rope and twine) *	Ton of 2,240 lbs.	50 0 0
	(2) Hessians and all other descriptions of Jute Manufactures, not otherwise specified †	Ton of 2,240 lbs	80 0 0
	COTTON		
3	RAW COTTON	Bale of 400 lbs.	40 0 0
	RICE		
4	RICE, husked or unhusked, including rice flour but excluding rice bran and rice dust, which are free	Indian maund of 82-2/7 lbs avoirdupois weight.	Two annas and three pies.
	TEA.		
5	TEA	Lb.	Four annas
	COTTON CLOTH AND YARN.		
6	CLOTH OF ANY DESCRIPTION manufactured either wholly from cotton, or partly from cotton and partly from any other substance and containing not less than 10 per cent. of cotton by weight, but excluding cloth of handloom manufacture ‡	..	10 per cent. <i>ad valorem</i> .
7	MANGANESE ORE§ ..	....	25 per cent. <i>ad valorem</i> .
	CIGARETTES, CIGARS AND CHEROOTS		15 per cent <i>ad valorem</i>

* Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as amended subsequently, bagging for raw cotton made from cadis rove or from rove containing, in addition to cadis or other material not subject to export duty, not more than 15 per cent jute weighing not less than 1½ lbs per square yard and having a total of not more than 140 single or double warp and weft threads per square yard, is exempt from payment of export duty and bagging for raw cotton made from jute rove (excluding bagging specified above as exempt from payment of export duty), weighing not less than 75 lb. per square yard, and having not more than 360 warp and weft threads per square yard, is liable to export duty at Rs 5-8 per ton

† Under Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, jute rags such as are used for paper making are exempt from payment of export duty provided that the Customs Collector is satisfied that they are useless for any purpose to which cloth or rope is ordinarily put

‡ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 41-Customs, dated the 31st May 1949, cloth of any description manufactured either wholly from cotton, or partly from cotton and partly from any other substance and containing not less than 10 per cent of cotton by weight, but excluding cloth of handloom manufacture, is exempt with effect from the 1st June 1949, from the payment of Customs duty leviable thereon when exported from any province of India.

§ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 24-Customs, dated the 9th April, 1948, manganese ore is exempt from the payment of so much of the export duty leviable thereon as is in excess of 15 per cent. *ad valorem*

EXCISE DUTIES LEVIABLE UNDER THE CENTRAL EXCISES AND SALT ACT, 1944 ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN THE PROVINCES OF INDIA.

Item No	Description of goods	Rate of duty.
KEROSENE—*		
	"Kerosene" means any inflammable hydrocarbon (including any mixture of hydrocarbons or any liquid containing hydrocarbons but excluding motor spirit) which—	
	(i) is made from petroleum as defined in section 2 of the Indian Petroleum Act, 1934 (XXX of 1934), and	
	(ii) is intended to be or is ordinarily used in liquid form for purposes of illumination	The rate at which Customs duty is for the time being leviable under the Indian Tariff Act, 1934 (XXXII of 1934), read with any other enactment for the time being in force
MATCHES—		
	"Match" includes a firework in the form of a match, and where a match-stick has more heads than one capable of being ignited by striking each such head shall be deemed to be a match	
	(1) Matches, in boxes containing 60 matches on an average, if manufactured in a factory whose output—	
	(i) exceeds five hundred thousand gross of boxes per year	Rs 3-0-0 per gross of boxes
	(ii) does not exceed five hundred thousand gross of boxes per year, but exceeds one hundred gross of boxes per day	Rs 2-15-3 per gross of boxes
	(iii) does not exceed one hundred gross of boxes per day	Rs 2-14-0 per gross of boxes.
	(2) Matches, in boxes containing 40 matches on an average, if manufactured in a factory whose output—	
	(i) exceeds five hundred thousand gross of boxes per year	Rs 2-0-0 per gross of boxes
	(ii) does not exceed five hundred thousand gross of boxes per year but exceeds one hundred gross of boxes per day	Rs 1-15-6 per gross of boxes
	(iii) does not exceed one hundred gross of boxes per day	Rs 1-15-0 per gross of boxes
	(3) Matches in boxes containing on an average not more than twelve matches of the type known as "Bengal Lights"†	10 annas per gross of boxes
	(4) All other matches	8 annas for every 1,440 matches or fraction thereof
MECHANICAL LIGHTERS—		
	"Mechanical Lighter" means any mechanical or chemical contrivance for causing ignition which is portable and which operates by producing a spark or flame whether by itself or when brought into contact with gas, and includes a mechanical lighter issued from a factory in an incomplete state or requiring for its completion the addition of a flint	Rs 3-0-0 per lighter
MOTOR SPIRIT—		
	"Motor Spirit" means—	
	(a) any inflammable hydrocarbon (including any mixture of hydrocarbons or any liquid containing hydrocarbons) which is capable of being used for providing reasonably efficient motive power for any form of motor vehicle, and	
	(b) power alcohol, that is, ethyl alcohol of any grade (including such alcohol when denatured or otherwise treated), which either by itself or in admixture with any such hydrocarbon, is capable of being used as aforesaid	12 annas per Imperial gallon
SALT—		
	"Salt" includes swamp salt, spontaneous salt, and salt or saline solutions made or produced from any saline substance or from salt earth	Nil.‡
SILVER		3 annas and 7 1/5 pies per ounce Troy.
STEEL INGOTS		Rs 4-0-0 per ton
SUGAR, produced in a factory ordinarily using power in the course of production of sugar—		
	"Sugar" means any form of sugar containing more than ninety per cent of sucrose :—	
	(1) Sugar other than Khandasari or Palmyra	Rs. 3-12-0 per cwt
	(2) Khandasari sugar— that is to say, sugar in the manufacture of which neither a vacuum pan nor a vacuum evaporator is employed	8 annas per cwt
	(3) Palmyra sugar— that is to say, sugar manufactured from jaggery obtained by boiling the juice of the palmyra palm	Nil.

* Under Government of India, Ministry of Finance (Revenue Division), Notification No. 20-Central Excises, dated the 4th June, 1949, Kerosene, which is proved to the satisfaction of the Collector of Central Excise to be intended for the manufacture of insecticides, is exempt from the payment of the excise duty leviable thereon

† Under Government of India, Finance Department (Central Revenues), Notification No. 6-Camp-Central Excise, dated the 7th April, 1945, matches of the type known as "Bengal Lights" when manufactured in a factory whose daily output does not exceed 100 gross of boxes are exempt from duty payable on them to the extent of 10 pies per gross of boxes

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 1-Salt/47, dated the 28th February, 1947, salt manufactured in or imported by land into India is exempt, with effect from the 1st April, 1947, from the whole of the duty leviable thereon under the Central Excises and Salt Act, 1944

EXCISE DUTIES LEVIABLE UNDER THE CENTRAL EXCISES AND SALT ACT, 1944 ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN THE PROVINCES OF INDIA—contd.

Item No.	Description of goods	Rate of duty
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TOBACCO* † ‡ ¶—

"Tobacco" means any form of tobacco, whether cured or uncured, and whether manufactured or not, and includes the leaf, stalks and stems of the tobacco plant but does not include any part of a tobacco plant while still attached to the earth.

I. Unmanufactured tobacco

(1) If flue-cured and intended for—

(a) manufacture into cigarettes containing—

- | | |
|--|-----------------|
| (i) more than 60 per cent weight of imported tobacco | Rs 7-8-0 per lb |
| (ii) more than 40 per cent but not more than 60 per cent weight of imported tobacco | Rs 5-0-0 per lb |
| (iii) more than 20 per cent but not more than 40 per cent weight of imported tobacco | Rs 3-8-0 per lb |
| (iv) 20 per cent or less than 20 per cent weight of imported tobacco | Rs 2-8-0 per lb |
| (v) no imported tobacco | Rs 1-0-0 per lb |

- | | |
|---|-----------------|
| (b) any purpose other than the manufacture of cigarettes or of the products enumerated in (3) (a) and (3) (b) | Rs 7-8-0 per lb |
|---|-----------------|

(2) If other than flue-cured and intended for—

- | | |
|---|-----------------|
| (a) manufacture into cigarettes | 9 annas per lb |
| (b) any purpose other than the manufacture of cigarettes or of the products enumerated in (3) (a) and (3) (b) | 12 annas per lb |

(3) whether flue-cured or not, if intended for—

- | | |
|---|-----------------|
| (a) manufacture into— | |
| (i) briar | 12 annas per lb |
| (ii) snuff | 12 annas per lb |
| (iii) cigars and cheroots | 4 annas per lb |
| (iv) hookah tobacco | 4 annas per lb |
| (b) sale as chewing tobacco, whether, manufactured or merely cured. | 4 annas per lb |
| (c) agricultural purposes | Nil |

- | | |
|---|---------------|
| (4) Stalks, and other refuse of tobacco intended for use in the preparation of any form of manufactured tobacco | 1 anna per lb |
|---|---------------|

II Manufactured tobacco—

(1) Cigars and cheroots of which the value—

- | | |
|--|------------------------|
| (i) exceeds Rs 30 a hundred | Rs. 12-0-0 per hundred |
| (ii) exceeds Rs 25 a hundred but does not exceed Rs 30 a hundred | Rs 10-0-0 per hundred |
| (iii) exceeds Rs 20 a hundred but does not exceed Rs 25 a hundred | Rs 8-0-0 per hundred |
| (iv) exceeds Rs 15 a hundred but does not exceed Rs 20 a hundred | Rs 6-0-0 per hundred. |
| (v) exceeds Rs 10 a hundred but does not exceed Rs 15 a hundred | Rs 4-0-0 per hundred |
| (vi) exceeds Rs 5 a hundred but does not exceed Rs 10 a hundred | Rs 2-0-0 per hundred |
| (vii) exceeds Rs 2-8 a hundred but does not exceed Rs 5 a hundred | Rs 1-0-0 per hundred |
| (viii) exceeds Rs 1-4 a hundred but does not exceed Rs 2-8 a hundred | 8 annas per hundred |
| (ix) exceeds annas 12 a hundred but does not exceed Rs 1-4 a hundred | 4 annas per hundred |

(2) Cigarettes of which the value—

- | | |
|---|-------------------------|
| (i) exceeds Rs 50 a thousand | Rs. 12-8-0 per thousand |
| (ii) exceeds Rs 40 a thousand but does not exceed Rs 50 a thousand | Rs 10-0-0 per thousand |
| (iii) exceeds Rs 30 a thousand but does not exceed Rs 40 a thousand | Rs 7-8-0 per thousand. |
| (iv) exceeds Rs 25 a thousand but does not exceed Rs 30 a thousand | Rs 6-4-0 per thousand. |
| (v) exceeds Rs 20 a thousand but does not exceed Rs 25 a thousand | Rs 5-0-0 per thousand |
| (vi) exceeds Rs 15 a thousand but does not exceed Rs 20 a thousand | Rs 3-12-0 per thousand. |
| (vii) exceeds Rs 10 a thousand but does not exceed Rs 15 a thousand | Rs 2-8-0 per thousand |
| (viii) does not exceed Rs. 10 a thousand | Rs. 1-4-0 per thousand |

* Under the Government of India, Finance Department (Central Revenues), Notification No. 7-Camp-Central Excise, dated the 7th April, 1945, flue-cured *gulla* tobacco and the stems of flue-cured tobacco are exempt from so much of the duty leviable thereon as is in excess of the duty leviable on tobacco other than flue-cured tobacco which is intended for manufacture into cigarettes provided that the Collector is satisfied that such flue-cured *gulla* tobacco, or such stems of flue-cured tobacco are intended for manufacture into cigarettes containing no other flue-cured tobacco.

† Under the Government of India, Finance Department (Central Revenues), Notification No. 3-Central Excises, dated the 17th June, 1944, tobacco powder prepared from stalks and stems and other refuse is exempt from the excise duty leviable under the Central Excises and Salt Act, 1944, provided that the Collector is satisfied that such tobacco powder is intended for use as an insecticide.

‡ Under the Government of India, Finance Department (Central Revenues), Notification No. 4-Central Excises, dated the 1st July, 1944, tobacco which is proved to the satisfaction of the Collector to be intended for the manufacture of Nicotine Sulphate is exempt from duty.

¶ Under Government of India, Ministry of Finance (Revenue Division), Notification No. 9-Central Excises, dated the 17th April, 1948, tobacco, which is proved to the satisfaction of the Collector of Central Excise to be intended for the manufacture of Nicotinic acid for medical purposes is exempt from payment of the duty leviable thereon.

EXCISE DUTIES LEVIABLE UNDER THE CENTRAL EXCISES AND SALT ACT, 1944 ON CERTAIN ARTICLES PRODUCED OR MANUFACTURED IN THE PROVINCES OF INDIA—concl'd.

Item No	Description of goods	Rate of duty.
	"Tyre" means a pneumatic tyre in the manufacture of which rubber is used and includes the inner tube and the outer cover of such a tyre.	
	(1) Tyres for Motor Vehicles	30 per cent. <i>ad valorem</i> .
	(2) All other tyres	15 per cent. <i>ad valorem</i> .
	VEGETABLE PRODUCT	Rs 7-0-0 per cwt.
	"Vegetable product" means any vegetable oil or fat which, whether by itself or in admixture with any other substance, has by hydrogenation or by any other process been hardened for human consumption.†	
	CLOTH—	
	"Cloth" means any type of cloth manufactured either wholly from cotton or partly from cotton and partly from any other material, but does not include—††	
	(i) ready made clothing other than dhoties and sarees,	
	(ii) hosiery,	
	(iii) leather cloth and inferior or imitation leather cloth ordinarily used in book-binding,	
	(iv) tracing paper,	
	(v) cloth manufactured partly from cotton and partly from wool and containing 40 per cent. or more of wool by weight,	
	(vi) rubberised or synthetic waterproof fabrics whether single-textured or double-textured, and	
	(vii) hand-loom cloth.	
	(1) Superfine cloth—that is to say, cloth in which the count of warp yarn (whether single or folded) is 48s or finer	Twenty-five per cent. <i>ad valorem</i>
	(2) Fine Cloth—that is to say, cloth in which the count of warp yarn (whether single or folded) is 35s or finer but does not exceed 47s	Six and one-fourth per cent. <i>ad valorem</i>
	(3) Medium Cloth—that is to say, cloth in which the count of warp yarn (whether single or folded) is 17s or finer but does not exceed 34s	Three ples per yard
	(4) Coarse Cloth—that is to say, all other cloth in which the count of warp yarn (whether single or folded) does not exceed 16s	Three ples per yard
	COFFEE, cured ‡	3 annas per lb
	"Coffee" means the seed of the coffee tree (<i>coffea</i>), whether with or without husk, whether cured or uncured, but does not include the seed while still attached to the tree	
	<i>N.B.</i> —In addition a duty of excise at the rate of one rupee per cwt. is leviable under the Coffee Market Expansion Act, 1942, on all coffee (except coffee sold and delivered before the estate became subject to the provisions of the Act) - (i) which a registered estate is permitted by the internal sale quota allotted to it, to sell in the Indian market, whether such coffee is actually sold or not, and (ii) which is released for sale in India by the Indian Coffee Board from the surplus pool	
	TEA ‡	3 annas per lb
	"Tea" means the commodity known as tea made from the leaves of the plant <i>Camellia Thea</i> (Linn.) and includes green tea	

* Under the Government of India, Finance Department (Central Revenues), Notification No. 16-Central Excises, dated the 1st April, 1941, tyres specially designed for use on animal drawn vehicles are exempt from payment of this duty.

† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 21-Central Excises, dated the 25th December, 1948, Vegetable Product used for industrial purposes is exempt from the payment of the duty leviable thereon under the Central Excises and Salt Act, 1944 (1 of 1944)

†† Under Government of India, Ministry of Finance (Revenue Division), Notification No. 22-Central Excises, dated the 18th June, 1949, the following kinds of damaged or sub-standard pieces of superfine, fine, medium and coarse cloth are exempt from the payment of the excise duty leviable thereon under the Central Excises and Salt Act, 1944 :—

- (i) "Chindies," that is to say, cut pieces of cloth which are 9 inches or less in length,
- (ii) "Rags," that is to say, cut pieces of cloth which are more than 9 inches but less than one yard in length;
- (iii) "Fents," that is to say, cut pieces of cloth (including cut pieces of dhotis and sarees) which are one yard or more but not exceeding three yards in length, and damaged cloth not exceeding three yards in length (excluding damaged dhotis and sarees)

Under Government of India, Ministry of Finance (Revenue Division), Notification No. 7-Central Excises, dated the 26th March, 1949, cloth, which has been produced in factories commonly known as power-looms (without spinning plants), and in respect of which maximum ex-factory price has not been specified by the Textile Commissioner under the Cotton Textiles (Control) Order 1948, is exempt from the payment of the excise duty leviable thereon.

Under Government of India, Ministry of Finance (Revenue Division) Notification No. 18-Central Excises dated the 14th May, 1949, the following descriptions of cloth are exempt from the payment of the duty leviable thereon under the Central Excises and Salt Act, 1944, namely :—

- (1) Cloth of all kinds not more than 12 inches in width.
- (2) The following articles if they are cut or made to *bona fide* retail sizes, and are not more than twenty-four inches in length, namely :—
 - (i) Napkins
 - (ii) Dusters.
 - (iii) Swabs.
 - (iv) Tray cloths.
 - (v) Handkerchiefs.
- (3) Towels made to *bona fide* retail sizes.
- (4) Indian National Flags.
- (5) Book binding cloth.

‡ Under Government of India, Finance Department (Central Revenues), Notification No. 2-Central Excises, dated the 3rd June, 1944, Coffee seeds which are proved to the satisfaction of the Collector of Central Excise to be intended for the purpose of sowing, are exempt from the payment of this duty.

§ Under Government of India, Finance Department (Central Revenues), Notification No. 20-Central Excises, dated the 4th June, 1949, tea waste which is proved to the satisfaction of the Collector to be intended for the manufacture of caffeine, is exempt from duty.

**EXCISE DUTIES LEVIABLE UNDER OTHER ACTS ON CERTAIN ARTICLES
PRODUCED OR MANUFACTURED IN THE PROVINCES OF INDIA.**

Item No.	Description of goods.	Rate of duty
COAL AND COKE—		
(I) Coal and Soft Coke		3 annas per ton
(II) Hard Coke		4 annas and 6 pies per ton.
<p><i>N B</i>—1. The excise duty of 3 annas per ton mentioned above is leviable on all coal raised and despatched and all soft coke manufactured and despatched from collieries in the Indian Union and similarly the excise duty of 4 annas and six pies per ton is leviable on all descriptions of hard coke manufactured in and despatched from collieries or coke plants in the Indian Union under the Coal Mines Safety (Stowing) Act, 1939</p> <p>2 In addition with effect from the 14th June, 1947, an excise duty at the rate of six annas per ton is leviable under the Coal Mines Labour Welfare Fund Act, 1947, on all coal and coke despatched from collieries in British India. But all coal and coke despatched from collieries otherwise than by rail are, however, exempt from liability to this duty.</p> <p>3 Further, an excise duty at the rate of 2½ pies per ton, fixed under Government of India, Department of Labour, Notification No M-955, dated the 14th April, 1943, in pursuance of Rule 19 of the Coal Mines Rescue Rules, 1939, is leviable on all coal and coke despatched by rail from collieries or coke plants situated in the areas known as Jharia and Raniganj Coalfields</p>		
COPRA *		4 annas per cwt avoird
	Oilse extracted from oilseeds crushed in any mill in British India †	1 anna per maund
<i>N B</i> —The term "Oilseeds" does not include "coconuts"		
RUBBER ‡		8 annas per 100 lbs
Goods specified in item 40 of List 11 of the 7th Schedule to the Government of India Act, 1935, viz. —		Rates vary in different provinces
(a) Alcoholic liquors for human consumption,		
(b) Opium, Indian hemp and other narcotic drugs and narcotics; non-narcotic drugs,		
(c) Medicinal and toilet preparations containing alcohol or any substances included in (b) above		

* Under Government of India, Department of Education, Health and Lands (Agriculture), Notification No. F 43-4/45-A, dated the 25th May, 1945, and in exercise of the powers conferred by section 3 of the Indian Coconut Committee Act, 1944 (X of 1944), the duty is levied, with effect from the 1st June, 1945, on all copra consumed in any mill in British India, when produced in or imported from outside British India

† This duty was imposed from the 1st April, 1946, under the Indian Oilseeds Committee Act, 1946

‡ This duty was imposed with effect from the 1st October, 1947, under Government of India, Ministry of Industry and Supply, Notification No 23(5)-I R P/47, dated the 30th September, 1947, as subsequently amended.

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE.

Item No. |	Name of article.	Cess leviable.
1* TEA		Re. 1-6-0 per 100 lbs
2† JUTE		
	(a) Raw including Jute cuttings and rejections	Two annas per bale of 400 lbs.
	(b) Manufactured Jute	Twelve annas per ton of 2,240 lbs.
3‡ COTTON (ginned)--		
	(a) Baled	Four annas per standard bale of 400 lbs.
	(b) Unbaled	One anna per 100 lbs.
4§ LAC		
	(a) Any form of manufactured or unmanufactured lac	Fourteen annas per maund.
	(b) Refuse lac	Ten annas per maund.
5|| COFFEE		Re. 1 per cwt.
6¶ (i) BONES**)
	Tariff value	Rs a p Per cwt
	Bones, broken or crushed (including bone meal but excluding bone meal or bone manure)	10 0 0
	(ii) BRISTLES	
	(iii) BUTTER	
	Tariff value--	Rs a p Per lb
	Butter	2 8 0
	(iv) CEREALS other than Rice and Wheat	
	Tariff values -	Rs a p Per cwt
	Bajra	12 0 0
	Barley	13 0 0
	Jowar	12 0 0
	Maize	11 0 0
	(v) DRUGS††	
	(vi) FIBRE FOR BRUSHES	
	Tariff value--	Rs a p Per cwt
	Fibre for brushes, all kinds	10 0 0 |
	(vii) FISH	
	Tariff values -	Rs a p Per cwt.
	Fish (excluding canned fish) -	
	(i) Fish, dry, salted	45 0 0 |
	(ii) Prawns, dry	90 0 0 |
	(viii) FRUITS	
	Tariff values	Rs a p Per cwt
	Almonds in the shell	70 0 0 |
	Almonds without shell	180 0 0 |
	Cashew kernels	130 0 0 |
	Coconuts	Per thousand 175 0 0
	Raisins, all kinds	Per cwt 75 0 0
	Tamarind	23 0 0
	Walnut in the shell	67 0 0
	Walnut kernel	100 0 0
	(ix) GHEE	
	Tariff values	Rs a p Per Indian maund
	Ghee	225 0 0
	Ghee substitute including vegetable ghee and hydrogenated edible oil and fat mixtures	Per cwt 80 0 0 |

* The cess is levied on all tea exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, tea exported to any place in the Janjira State, or exported from any Customs port to any port in Kathiawar and tea exported by post, is exempt from payment of this duty.

† The cess is levied on all jute exported by sea from the port of Calcutta to any other port.

‡ The cess is levied on all cotton produced in India and (a) consumed in any mill in British India, or (b) exported from any Customs port to any port outside British India, or (c) exported by land to the French and Portuguese territories of Pondicherry, Karikal, Goa and Daman. The cess is not, however, leviable on cotton waste, kapok and cotton fly. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, cotton exported from any Customs port to any port in Kathiawar and linters are exempt from payment of this duty.

§ The cess is levied on all lac and refuse lac produced in India and exported from any Customs port to any port beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, lac and refuse lac exported from any Customs port to any port in Kathiawar are exempt from payment of these duties.

|| The cess is levied on all coffee taken by sea or by land to any place beyond the limits of British India. Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, coffee taken by sea or by land to any place in the Travancore State or Cochin State or by land to any place in the Mysore State, or exported from any Customs port to any port in Kathiawar is exempt from payment of this duty.

¶ Under the Government of India, Finance Department (Central Revenues), Notification No. 33, dated the 22nd June, 1935, as subsequently amended, articles included under item No. 6, exported (a) by sea as passenger's baggage, (b) by post, (c) to any place in the Janjira State, and (d) from any Customs port to any port in Kathiawar are exempt from payment of this duty.

** Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September, 1940, Bones, human, exported as anatomical specimens are not subject to this duty.

†† Under the Government of India, Department of Education, Health and Lands, Notification No. F. 8/40, dated the 11th September, 1940, Drugs manufactured, are not subject to this duty.

CESSES LEVIABLE ON CERTAIN ARTICLES ON EXPORT OR OTHERWISE—*concl'd.*

Item No.	Name of article.	Cess leviable.
(x) HIDES, raw		
	<i>Tariff values</i> -	Rs. s. p. Per lb
	Buffalo hides (excluding calf skins)—	
	(i) Arsenicated	0 14 0
	(ii) Salted	0 12 0
	Cow hides (excluding calf skins) -	
	(i) Arsenicated	1 1 0
	(ii) Salted	0 15 0
(xi) MANURES		
	<i>Tariff values</i> —	Rs. s. p. Per cwt
	Manures of animal origin, all kinds (excluding bone meal or bone manure)	10 0 0
	Bone meal or bone manure	10 0 0
(xii) OILCAKES		
	<i>Tariff values</i> -	Rs. s. p. Per ton
	Groundnut oilcakes	155 0 0
	Groundnut oilcake meal	165 0 0
	Linseed oilcakes	180 0 0
	Oilcakes, other kinds	180 0 0
		} $\frac{1}{2}$ per cent. <i>ad valorem</i>
(xiii) PULSES		
	<i>Tariff values</i> —	Rs. s. p. Per cwt
	Dal, all kinds	30 0 0
	Pulses, all kinds	27 0 0
(xiv) SEEDS		
	<i>Tariff values</i> —	Rs. s. p. Per cwt
	Ajwan	28 0 0
	Aniseed	30 0 0
	Castor seed	29 0 0
	Celery seed	60 0 0
	Coriander seed	30 0 0
	Cotton seed	16 0 0
	Cumin seed (White)	90 0 0
	Cumin seed (Black)	50 0 0
	Fennel seed	30 0 0
	Fenugreek seed	25 0 0
	Groundnuts, decorticated	32 0 0
	Linseed	28 0 0
	Mustard and rape seeds	30 0 0
	Niger seed	26 0 0
	Sawa (Bil) seed	22 0 0
	Til (Sesamum)	40 0 0
	N.B.—In addition with effect from the 18th April, 1946, a cess at the rate of two annas per maund is leviable under the Indian Oilseeds Committee Act, 1946, on all oilseeds, exported out of British India to a destination outside India. The term "Oilseeds," as defined in this Act, does not include "Coconuts."	
(xv) SKINS, raw		
	<i>Tariff values</i> —	Rs. s. p. Per piece.
	Goat skins (excluding kid skins)	2 12 0
	Sheep skins (excluding lamb skins)	1 11 0
(xvi) SPICES		
	<i>Tariff values</i> —	Rs. s. p. Per cwt
	Chillies, dry	80 0 0
	Ginger, dry	75 0 0
	Pepper, black	200 0 0
	Turmeric	60 0 0
(xvii) TOBACCO, unmanufactured		
	<i>Tariff values</i> —	Rs. s. p. Per lb
	Flue cured	1 11 0
	Non-flue cured	0 12 0
	Chewing, <i>bidi</i> , cheroots and cigar tobacco	0 12 0
		$\frac{1}{2}$ per cent. <i>ad valorem</i> .
(xviii) VEGETABLES		
	<i>Tariff values</i> -	Rs. s. p. Per cwt.
	Garlic	40 0 0
	Onions	15 0 0
	Potatoes	22 0 0
(xix) WHEAT		
	<i>Tariff value</i> —	Rs. s. p. Per cwt.
	Wheat, all kinds	18 0 0
(xx) WHEAT FLOUR		
	<i>Tariff values</i> —	Rs. s. p. Per cwt.
	Wheat atta	20 0 0
	Wheat flour and suji	22 0 0
(xxi) WOOL, raw		
	MICA in whatever state*	$2\frac{1}{2}$ per cent. <i>ad valorem</i>

* Under Government of India, Ministry of Labour, Notification No. LW 21 (1) 48, dated the 20th March, 1948, and in exercise of the powers conferred by sub-section (1) of section 2 of the Mica Mines Labour Welfare Fund Act, 1946 (XXII of 1946), this rate of duty is fixed, with effect from the 1st April, 1948, until the 1st April, 1949, on all Mica, in whatever state, exported from India.

Report for the Year 1948

Section IV.

SPEECH OF THE FINANCE MEMBER

ON

INTRODUCTION OF BUDGET FOR 1949-50.

**SPEECH BY THE FINANCE MINISTER ON INTRODUCING THE BUDGET
PROPOSALS FOR 1949-50.**

I rise to present the Budget for 1949-50.

Review of Economic Conditions.

2. Although this is the fourth year since the cessation of hostilities, the return of normal conditions, without which it is impossible to expand production and develop trade, seems still as far off as ever. Over large parts of the world, conditions remain disturbed and the progress of recovery from the ravages of the war is painfully slow. In Europe the impasse in Berlin, the civil war in Greece and the emergence of two rival camps among the countries that fought the war as allies are symptomatic of the abnormal conditions which still prevail. The Palestine question, which is a serious threat to peace and stability in the Middle East, is still unsolved. Nearer home, the continuance of civil strife in China, the disturbances in Burma, which concern us deeply in view of our close economic ties with that country and the large interests our nationals have in it, and the unprovoked assault of the Dutch on the Indonesian Republic, all these retard the economic recovery not merely of this largely under-developed area of the globe but of the whole world. Prosperity, like peace, is indivisible and while these conflicts are going on in various parts of the world involving a tragic waste of men and material, the common man in all countries, particularly the less developed countries, continues to pay a heavy price in want and suffering.

3. In our own country, as in most other countries in the post-war period, the major problem has been that of keeping the inflationary trends under control. It is not necessary for me to dilate on the causes of the emergence of these trends since the end of the war. While as a result of the war the purchasing power in the hands of the community increased considerably, the available supply of commodities in the post-war period was not sufficient to meet the increasing demand for them. The shortage of essential commodities, particularly food and clothing, aggravated the situation owing to the rise in the money income of some sections of the community who in the past never competed for food and consumer goods on the same scale. Difficulties in transport and distribution accentuated the shortages while the partition last year and the economic dislocation caused over considerable parts of the country by the movement of population between the two Dominions made the position worse. A steady rise in prices occurred throughout 1947, the general index number of wholesale prices rising from 290.5 at the beginning of the year to 314.2 at the end of December. In the first seven months of 1948 there was a further steep rise in prices, the index number of wholesale prices rising by as much as 76 points to 390.1. Since then the prices have slightly dropped and as a result of the various measures taken by Government prices have remained more or less steady.

4. The answer to the problem of inflation and high prices is to increase the supply of commodities to meet the existing demand and until this position is reached to control the distribution of the available supply of the essential commodities. In the matter of food the supply position still continues to be difficult and last year owing to the poor crops in certain parts of the country we have had to import 2.8 million tons from overseas at a cost of Rs. 130 crores against an estimated import of 2 million tons at a cost of Rs. 110 crores. The position is expected to be still more difficult this year owing to the floods in Bihar and the United Provinces, the damage caused by the recent cyclone in Bombay and the outbreak of famine in parts of Gujerat, Saurashtra, Rajasthan and Cutch and imports may amount to 4 million tons. As the House is aware, it has already been decided to re-introduce food control and it is hoped that this will secure an equitable supply of food grains throughout the country at fair prices. In respect of other commodities the position in regard to internal production has, I am glad to say, been encouraging in recent months although it has not been possible in many cases to reach the peak production of the war years or the target that has been set. Last year the production of coal at 29.73 million tons and of steel at 854,000 tons just fell short of the production in the previous year while the production of salt rose from 49.6 million maunds to 59.3 million maunds, of cotton yarn from 1,315 million lbs. to 1,442 million lbs., of cloth from 3,816 million yards to 4,338 million yards, of art silk

fabrics from 85 million yards to 114 million yards, of plywood from 28.6 million sq. feet to 38.63 million sq. feet and of soap from 80,000 tons to 190,000 tons. The flow of raw materials to industry has also improved with the improvement in the transport position while with the relaxation of import controls there has been a larger flow of imported goods. Production has been greatly assisted by the occurrence of fewer strikes and labour disputes. If the present favourable trends in production continue, I have no doubt that it will be possible not merely to arrest the rise of prices but to bring them down gradually.

5. The state of the capital market in the year under review has been a matter of concern to Government. While there is obviously a large amount of money in the country competing for the limited supply of goods, the investment market has been stagnant and there has been little flow of money into Government loans or into industrial concerns. This stagnation is due in large measure to the prevailing uncertainty in regard to matters affecting industrial development and prospects. My own view is that with the huge potential demand in this country for both consumer and capital goods, there is bound to be for many years a wide field for private enterprise and that in this matter no one who invests money is taking a greater risk than in any other country in the world.

6. As I mentioned a while ago, the fight against inflation has been one of Government's main pre-occupations this year. As Honourable Members are aware, Government consulted various interests and sections of public opinion regarding the measures necessary to deal with this situation. In a matter of this kind, it is obviously not possible to expect complete unanimity of opinion as to either the causes of inflation or the remedies to be adopted. But it was clear that immediate action should be taken to prevent, as far as possible, the further creation of purchasing power in the hands of the community and to take all steps possible to stimulate production and instil a spirit of confidence in industry. With this end in view, in the field of taxation additional duties on certain articles of luxury such as liquor, tobacco, motor cars, silk and art silk fabrics were imposed and an excise duty on superfine cloth was levied. Power was taken to make provisional assessments of income tax on the basis of returns submitted by the assesses. A system of interest-bearing deposits for income-tax introduced in 1943 was also revived and it was decided to postpone for a further period of three years the refund of deposits of Excess Profits Tax except for approved purposes. A temporary limit was also placed on the amount that may be distributed as dividend by public companies, by an Ordinance, the enactment of which into law is now under consideration by the House. Among measures taken to stimulate industrial production, I would mention the reduction in the import duty on machinery and certain industrial raw materials and the abolition of the import duty on cotton yarn. New industrial undertakings commencing production in the next three years have been given exemption from income-tax for the first five years up to a limit of six per cent. per annum on their capital. The rules regulating depreciation allowances have also been liberalised. In the field of Governmental expenditure a rapid review was conducted of all capital and development schemes including the Provincial schemes. As a result the total provision for capital and development schemes and loans has been substantially reduced. It was also made clear to the Provinces that in the present financial situation they should not count on Central assistance for implementing their schemes of social or agrarian reform. The House will realise that it was not without regret that we decided to hold up even temporarily the various schemes of development the execution of which is necessary for the well-being of the country. But the need for economy was imperative and we had to postpone all avoidable expenditure. But this has not led to the slowing down of any productive scheme or any scheme essential for the national interest. I would like to take this opportunity to express my sense of gratitude to the Provincial Governments for their ready co-operation in this matter.

Balance of Payments.

7. The main features in the external financial position of the country in the year under review has been the sharp decline in the sterling balances held by the Reserve Bank of India, the growing difficulty in the financing of imports from the hard currency areas and the emergence of Pakistan as a foreign country for currency purposes with the separation of its currency from that of India. The sterling balances which reached the peak figure of Rs. 1,733 crores at the end of 1945-46 declined by Rs. 121 crores to Rs. 1,612 crores during 1946-47.

This reduction was due mainly to the large imports of food but there were also substantial imports of other goods in satisfaction of the pent-up demand of the war years and a certain amount of repatriation of British capital. During 1947-48 the reduction was somewhat smaller due to the restrictive import policy which was introduced towards the close of 1947 and the balances fell by only Rs. 67 crores to Rs. 1,545 crores. In the first ten months of the current year there has been a further drop of Rs. 556 crores in these balances. This heavy outgo is due to several causes. The first is the payment to the United Kingdom Government in accordance with the agreement reached with them last July, of Rs. 284 crores for the purchase of annuities for financing the payment of sterling pensions and the acquisition of the Defence installations and stores left behind in India by the United Kingdom at the end of the war. The second is the payment to the State Bank of Pakistan of Pakistan's share of these balances following the separation of its currency from that of India. This payment is still continuing as the sterling and other assets of the Issue Department are handed over in instalments as Indian notes are withdrawn from circulation in Pakistan and handed over to the Reserve Bank. Sterling to the extent of Rs. 1,77 crores has so far been transferred to the Pakistan State Bank. The third factor responsible for the decline is India's adverse balance of payments on current and capital account.

8. Government's import policy is largely determined by the trend of the balance of payments. The aim of this policy is so to regulate trade that while it is kept at the highest possible level consistent with the needs and requirements of the country, India should not have an overall deficit in her balance of payments on current account during any particular period of time of more than the amount by which it has been agreed with the United Kingdom Government India's sterling balances should be drawn upon. Under the present agreement signed last July it has been agreed that India's free sterling account which had a balance at the end of June, 1948 of £80 million will be credited with an equivalent sum during the period July, 1949 to June, 1951. In pursuance of this policy and also with the immediate object of reducing the inflationary pressure in the country, import controls were relaxed during the course of the year, and I am glad to say that they have resulted in substantially increasing the available supply of goods in the country.

9. While our overall balance of payment position is on the whole satisfactory, our balance of payments with the dollar and hard currency countries is causing us great concern. In the pre-war years India had usually a surplus with the United States of America and during the war years owing to the drastic curtailment of imports to conserve dollars for the war effort, India continued to have increasing surpluses. After the war, the trend of trade rapidly reversed itself and, in common with the rest of the world, this country started having substantial deficits on hard currency account. The reason for this was that we had increasingly to turn to the hard currency countries for our requirements as the countries whose economies had been disrupted by the war could not meet them. This was particularly true of food which is to-day the largest single consumer of foreign exchange. Burma could not supply all the rice we needed because of the ravages of the war and its aftermath; Australia could not give us all the wheat we wanted because the United Kingdom had priority in supply.

10. India's dollar deficit in the past used to be financed by the central reserves of the sterling area. But beginning from January, 1948 the United Kingdom refused to carry this responsibility any further and insisted on limiting the convertibility of our sterling very rigidly. The limits imposed—£10 million (\$40 million) for the half-year January—June, 1948 and £15 million (\$60 million) for the year July, 1948—June, 1949—bear no relation whatever to our needs. Concurrently with the imposition of these limits on convertibility, there came the separation of the exchange resources of Pakistan from India which also took place in January, 1948. This has also handicapped us severely as many commodities which before partition earned hard currency, such as raw jute, raw cotton and hides and skins, were largely exported from territories now in Pakistan. In spite of the maximum possible limitation of imports from the hard currency areas and the maximum possible encouragement of exports thereto, India had a deficit in her balance of payments with the hard currency countries in the six months April to September, 1948 of \$45 million. The deficit for the next three months, for which preliminary figures are available, is expected to be \$48 million. Of these deficits, the purchase of food grains was responsible for \$35 million and \$40 million respectively. These deficits which exceed by far

the convertibility allowed to us by the United Kingdom have been met by loans from the International Monetary Fund from which since March, 1948 we have borrowed no less than \$92 million

11 I confess that this chronic dollar deficit is causing Government no little anxiety. Honourable Members are aware that we intend to negotiate dollar loans from the International Bank for Reconstruction and Development. But these loans will be available only for financing the purchase of equipment for our developmental projects and not for current expenditure. We do not favour the idea of borrowing on the present scale from the International Monetary Fund but if the central reserves of the sterling area, to which we were at one time a source of strength, insist on continuing to limit our claims on them in the same way as at present, we shall have no alternative to continuing to borrow. One ray of hope in the situation lies, of course, in the fact that we hope, in future years, to import less food and to divert our food purchases to the soft currency areas. It is also possible that the international prices of food grains will not remain at the present high levels

12. While we have exchange control with all countries in the world, we have none with Pakistan. This has been rendered possible by the fact that simultaneously with the separation of their currencies on the 1st July, 1948 India and Pakistan came to a monetary and payments agreement. The main terms of this agreement which is in the first instance valid for a period of one year, are that each party will hold the currency of the other up to a limit of Rs. 15 crores, that thereafter up to a further limit of Rs. 10 crores accounts will be settled in free sterling and the balance in sterling in Account No. II. The reason for entering into an agreement of this kind was that the Governments of both Dominions were anxious to ensure that the obstacle to inter-dominion trade, which the imposition of exchange control would necessarily entail, should, if possible, be avoided. I am glad to say that this agreement has worked satisfactorily and that currency considerations have not stood in the way of inter-dominion commerce

FINANCIAL YEAR, 1948-49

13. I shall now proceed to give a brief review of the financial position in the current and the ensuing years

For the current year the deficit is now estimated at Rs. 1.55 crores against Rs. 2.14 crores provided in the budget

Revenue

14. The revenue receipts are now estimated at Rs. 338.32 crores against the budget estimate of Rs. 255.24 crores, an increase of Rs. 83.08 crores. With the relaxation in the import controls during the course of the year there has been a considerable expansion of imports and the revenue from Customs is expected to be Rs. 36.49 crores more than the budget estimate. The yield from the excise duties on sugar, matches, tyres and tubes and vegetable products has also shown a substantial improvement and with the excise duty on cotton cloth imposed last December and estimated to yield Rs. 7 crores in a full year the revenue from Central excise duties is likely to be Rs. 4.28 crores more. Income-tax receipts are now placed at Rs. 20.62 crores more than the budget largely as a result of the intensive drive for the clearance of arrears and the recent ordinance authorising the provisional collection of tax on the basis of the statements of income of the assesseees, but of this increase Rs. 5.38 crores will accrue to the Provinces as their share of revenue. The revenue from the two Government commercial departments also shows increases. The contribution from Posts and Telegraphs is likely to be Rs. 2.95 crores more while from the Railways, as the House is already aware, the contribution will amount to Rs. 7.34 crores against Rs. 4.5 crores taken in the budget. The profits from currency also show an increase of Rs. 3.65 crores. There is also a carryover of Rs. 1.33 crores on account of Government's share of the profit on stocks of sugar frozen in December 1947 which was not realised during that year and certain pre-partition receipts amounting to Rs. 13.4 crores.

Expenditure.

15. The total expenditure this year is now estimated at Rs. 339.87 crores, an increase of Rs. 82.49 crores over the budget estimate which nearly wipes out the increase in revenue

Of this increase, Defence Services account for Rs 34.35 crores and Civil estimates for the balance of Rs 48.14 crores

16. *Defence Services.*—The expenditure on Defence Services during the year has been affected by the continuance of the operations in Kashmir, the extent and duration of which could not be foreseen at the time the budget was prepared and for which, in consequence, no provision was included and also by the unforeseen deterioration in the situation in Hyderabad which led to the police action last September. In view of these developments the armed forces had to be maintained at a higher strength than was contemplated in the budget. New units had to be raised and some of the operational demands for stores, equipment and munitions had to be met by fresh procurement. In addition to our own forces we had to take in service larger forces from the Indian States and the Government of Nepal also loaned us some of their troops for purposes of internal defence. All these measures entailed additional expenditure for which there was no provision in the budget.

17. The increase of Rs 48.14 crore in civil expenditure is mainly due to three causes. Firstly, the revised estimates include a new provision of Rs 20.75 crores for meeting pre-partition liabilities for which no provision was made in the budget. At the time the budget was framed, sufficient data regarding the outstanding liabilities were not available and the arrangements with Pakistan for meeting and adjusting these had not also been settled. It was hoped that these liabilities would be met and shared currently by the two Dominions but the Pakistan Government declined to meet the liabilities on the ground that they were initially those of India and that Pakistan would take its share only through the debt settlement. The Government of India do not accept this view as in their opinion, after the division of the available cash balance of the undivided Government between the two Governments the outstanding liabilities should be paid and currently shared by the two Governments. But in order to avoid hardship to those who had made supplies or rendered services to the undivided Government, the Government of India have agreed to meet the liabilities in the first instance. Certain outstanding payments relating to the pre-partition period, such as the Provincial share of income tax, are also due to the Provincial Governments now located in India which the Government of India propose to meet. Secondly, the expenditure on the relief and rehabilitation of refugees which has always been difficult to estimate and for which a provision of Rs 10.04 crores was made in the budget is now expected to amount to Rs 19.45 crores. This increase is partly due to the carryover of certain liabilities from the previous year, mainly payments to Provincial Governments, which could not be made before the close of last year and partly to increased expenditure on relief which has to be regulated with reference to the constantly changing requirements of the situation. Thirdly, the expenditure on the subsidising of imported food grains and the payment of bonuses to Provincial Governments on internal procurement is now expected to exceed the original budget by Rs 12.05 crores. The House will remember that after a review of the food position last October it was decided that with effect from the 1st October 1948 the Central share of the loss on the supply of imported food grains to deficit areas should be raised from two-thirds to three-quarters and that a similar concession, limited to the Centre meeting half the loss, should be extended to the Indian States. Part of the increase is also due to the fact that while the budget provided for subsidies up to the end of the calendar year, provision has now been made for the full financial year.

I should also mention a further reason for the increase in civil expenditure. The House will remember that in the budget for the current year my predecessor made a lump cut of Rs 2.5 crores for economies likely to result from the implementation of the recommendations of the Economy Committee. The work of this Committee has taken somewhat longer than was originally expected and its report on a number of Ministries is still under examination. No savings are therefore likely to be realised this year. For next year I am not making any provision at this stage as it is not possible, until firm decisions have been taken on their recommendations, to estimate the savings likely to be realised. But I may assure the House that this does not mean that I do not expect any economies to result from the Committee's recommendations. On the contrary it is my intention to secure the utmost economy possible in public expenditure and the House may rest assured that the recommendations of the Committee will be most carefully and earnestly considered by Government and the resulting economies enforced during the course of the year.

Income-tax Investigation Commission.

18. Before I pass on to deal with the estimates for the coming year I should like to mention the progress made in the work of the Income-tax Investigation Commission. Honourable Members will remember that the Act constituting the Commission assigned two duties to it, namely, to investigate and report on all matters relating to taxation on income, with particular reference to the extent to which the existing law relating to and procedure for the assessment and collection of such taxation is adequate to prevent evasion and to investigate specific cases referred to the Commission by the Central Government. On a study of the working of the Income-tax law and its administration during recent years, the Commission came to the conclusion that on a long-term view the first task was no less important than the second, and as work on the second had for various reasons necessarily to be slow, the Commission devoted a great part of its time till recently to the first task. This involved the examination of voluminous evidence tendered in reply to a comprehensive questionnaire which was issued, and the Commission has recently submitted a long report in which it has made recommendations on many points of law and of administration. These recommendations are now being examined with a view to the necessary legislation being introduced, and it is hoped that it will be possible to place a bill before the House at its next session.

19. As regards the investigation of specific cases referred to it by Government, the Commission has completed a few cases. Greater progress was not possible for a variety of reasons. Firstly, it was only in April 1948 that the necessary staff for investigation work could be placed at the disposal of the Commission. This was because it was not possible for the Income-tax Department to spare their more experienced officers for this work before April, 1948, in view of the shortage of officers in the Department and the large amount of arrears that had to be cleared. However, this difficulty has now been overcome to some extent, and the officers authorised by the Commission are working in different cities carrying on investigation under instructions and directions given by the Commission. It is the material gathered by them that will form the basis of the Commission's further work.

Another factor which has delayed the disposal of specific cases taken up for enquiry is that it has been found that a good deal of general enquiry and collection of facts and figures is a necessary preliminary to the investigation of the specific cases. These general enquiries and the collation of the materials collected have taken a considerable time, and the work is proceeding apace. Once this is completed, it may be hoped that the disposal of specific cases will be expedited.

In this connection I may add that the possibility of disposing of the referred cases by agreed settlement is being explored, and a bill will shortly be placed before the House for vesting the necessary powers for making such settlements in the hands of the Commission.

FINANCIAL YEAR, 1949-50.

20. I now turn to the estimates for the next financial year. At the existing level of taxation, I place the total revenue at Rs. 307.74 crores and the expenditure charged to revenue at Rs. 322.53 crores leaving a deficit of Rs. 14.79 crores.

Revenue.

21. The total receipts from customs is estimated at Rs. 107.25 crores. This provides for a full year's effect of the changes in the tariff in the course of this year as part of the campaign against inflation. Central excises are expected to bring in Rs. 57.75 crores, including Rs. 7 crores from the recently imposed excise duty on cotton cloth. Receipts from income-tax, which include Rs. 11.22 crores on account of Excess Profits Tax and Rs. 12.01 crores on account of Business Profits Tax have been placed at Rs. 155 crores. Honourable members will remember that it was decided last year that advance payments of tax should be taken direct to revenue instead of being treated initially as a deposit and, as a first step in the process of changing the accounting procedure, advance payments of Corporation Tax were taken direct to revenue in the budget for the current year. Next year, as a further step in the process, I have taken credit in the revenue estimates for Rs. 12.5 crores for a part of

these advance payments that will be received during the year I hope that the change will be completed over the next three years. The divisible pool of income-tax is estimated at Rs. 90.7 crores of which the Centre will retain Rs. 46.85 crores leaving Rs. 43.85 crores as the Provincial share. The profits from Currency and Mint, after allowing for the share of Pakistan are estimated at Rs. 9.7 crores.

The revenue from the Posts and Telegraphs Department is expected to amount to Rs. 30.26 crores and working expenses and interest to Rs. 28.63 crores, leaving a surplus of Rs. 1.63 crores. As in the current year this surplus will be shared equally by general revenues and the department which will get a rebate of interest on its share of the accumulated profits, expected to amount to about Rs. 10 crores at the end of the budget year.

The contribution from the Railways for next year has been taken at Rs. 4.72 crores, the amount provided in the Railway Budget

Expenditure

22. The total expenditure in the coming year is estimated at Rs. 322.53 crores of which Defence Services will account for Rs. 157.37 crores and civil expenditure for Rs. 165.16 crores.

23. *Defence Services* —Following the customary procedure I shall first deal with the Defence estimates. The Defence Budget for the coming year shows an increase of Rs. 1.94 crores over the revised estimate for the current year, the excess in which I largely ascribed to the operations in Kashmir. The House may well ask why with the cease fire in Kashmir there is no decrease in the Defence Budget. The main reason for this is that the reduction in the strength of the armed forces cannot be made overnight and the process of demobilisation has necessarily to be spread over a period similar to the recruitment and training of the forces. The current year's revised estimates reflect the expenditure on the gradual building up of our strength while the budget for next year would reflect the gradual reduction in that strength. Since both the processes take time the average strength of the troops during the budget year is unlikely to differ materially from that in the current year. In framing the budget for next year we have taken into account the improvement in the Kashmir situation following the cease fire and our hope that this cease fire will eventually lead to a peaceful solution of the problem. The House will naturally not expect me to go into greater detail in this matter but I must utter a warning that if for any unforeseen reason these hopes on which we have based our estimates are not realised, it may be necessary to exceed the provision now proposed. It has also to be remembered that the recent grant of an *ad hoc* dearness allowance to employees of the Central Government has added Rs. 4 crores to the Defence Budget next year. The budget for next year also includes additional provision for the expansion of the Navy and the Air Force. As the House is aware, our Navy till recently consisted of only a few sloops and frigates designed primarily for port defence but with the achievement of independence the Navy has been called upon to shoulder greater responsibilities than before, for which it is necessary to have a balanced force, complete with aircraft carriers, cruisers, destroyers and submarines. With this end in view, Government have recently approved the first phase of a 10-year plan for the Navy, confined mainly to the recruitment and training of the personnel in the various branches of the Navy. The last war proved conclusively the overwhelming importance of the fleet air arm and the House will be glad to know that a beginning has already been made in this respect and that the budget includes provision for the establishment of a fleet air arm. With regard to the Air Forces also, plans for their expansion and development are going forward. It is hoped to train sufficient technical manpower to make it a more balanced and effective force.

24. Before I pass on to civil estimates I would like to refer to a change in the preparation of the Defence Demands for next year. The provision for supplies and stores which was previously pooled together and included under one Demand for all the three Services, except for certain Naval and Air Force stores, has now been split among the three Services—Army, Navy and Air Force. This change will make the estimates for each Service self-contained to a greater extent than before and enable the Defence authorities to exercise a closer and more efficient control over the expenditure in their respective Services.

25 *Civil Estimates.* - I now come to the Civil Estimates. Details of the estimates under individual heads are, as usual, given in the Explanatory Memorandum circulated with the budget papers and it is unnecessary for me to deal with them at any considerable length here. I should like, however, to refer briefly to certain special items for which provision is included in these estimates. The budget next year includes Rs. 9.85 crores for the relief and rehabilitation of refugees. In addition, a provision of Rs. 23.27 crores has been made in the capital budget, Rs. 21.34 crores for loans for rehabilitation including loans to Provincial Governments and the Rehabilitation Finance Administration and Rs. 1.93 crores for buildings. The expenditure on food subsidies and the payment of bonus on procurement under the revised policy is estimated at Rs. 32.97 crores next year. The estimates also include Rs. 10 crores for the meeting of pre-partition claims and Rs. 12.83 crores under the various heads of expenditure for development schemes.

26 Of the total expenditure of Rs. 165.16 crores provided in the budget for next year, Rs. 52.82 crores are accounted for by the expenditure on refugees, the payment for food subsidies and pre-partition payments, leaving Rs. 112.34 crores for normal expenditure. This includes Rs. 10.06 crores for tax collection, Rs. 41.97 crores for obligatory expenditure on payment of interest and pensions and provision for debt redemption, Rs. 2.04 crores for planning and resettlement, Rs. 2.23 crores for expenditure on Currency and Mint, Rs. 2.95 crores for grants-in-aid to Provincial Governments and Rs. 24.20 crores for expenditure in the nation-building spheres such as Education, Medical and Public Health, Broadcasting, Aviation and on Scientific Surveys and institutions in which the Central Government largely supplement the work of Provincial Governments. The balance of Rs. 28.89 crores represents the provision for administration, Civil Works, etc., and represents only 17.5 per cent. of the total civil expenditure. In addition to Rs. 24.20 crores in the nation-building spheres mentioned above, provision has also been made for the grant of Rs. 26.81 crores to Provincial Governments for development and Rs. 49.25 crores for loans.

27. Honourable Members are aware that in recent months a large number of Indian States have been merged in the neighbouring Indian Provinces or taken over for administration direct by the Centre as part of the policy of unifying the country under the guidance of my distinguished colleague the Deputy Prime Minister. Ultimately the revenue and expenditure of these States have to merge in those of the Provinces or the Centre depending on the subject to which they pertain. But the process of integration is still incomplete and for the present the transactions of these States have been kept separate in a deposit account and not included in the revenue and expenditure of India. If, as may be hoped, the integration is completed in the course of the coming year, these transactions will be included in the revised estimates for the year.

28 On the basis of the estimates of revenue and expenditure that I have explained so far, the anticipated deficit for next year is Rs. 14.79 crores. I shall return to the question of how I propose to deal with this deficit in a later part of my speech.

Post-war Planning and Development.

29. I mentioned earlier that as part of the campaign against inflation, Government had to review their whole programme of expenditure and reduce the outlay both in the capital and in the revenue budgets. Even so, substantial amounts have been included in the budget for grants to Provincial Governments and for Central schemes of development. So far as the Provinces are concerned it is not the intention that the scale of assistance promised to them by the Centre for their development schemes and on which they have formulated their plans should in any way be reduced. All that is happening is that the pace of this assistance is being temporarily slowed down in view of the urgent need for economy and in so doing special care has been taken to see that the progress of productive schemes and schemes of long-range importance essential for national development is not held up. The House will remember that last year we laid down the policy that the grant each year from the Centre should be limited to half the amount spent on the approved schemes. Some of the smaller Provinces whose resources are limited asked for the waiver of this condition and in spite of our own difficulties we have agreed for this year and next year to allow them grants up to the total amount they may spend on approved schemes. The budget for next year includes a provision of Rs. 26.81 crores for grants and Rs. 49.25 crores for loans to Provinces for development.

30. For Central schemes of development including re-settlement a provision of Rs. 12.83 crores has been made in the revenue budget and Rs. 24.97 crores in the capital budget. Details of the provision are given in the Explanatory Memorandum and among the important schemes I would mention the expansion of the Forest Research Institute, Dehra Dun, the development of the forest estate in the Andamans, the preliminary work on a number of river projects like the Kosi, the Assam Valley, the Narbada, Tapti, and Sabarmati schemes, investigations in Coorg, Central Provinces and Bastar, the re-organisation of the Central Waterways Navigation and Irrigation Research Station, the expansion of the Indian Agricultural Research Institute and the development of basic education. The budget also provides Rs. 2.19 crores for the Central Government's share of the expenditure on the Damodar Valley Scheme, Rs. 90 lakhs for buildings for development schemes, Rs. 4.93 crores for the Fertiliser Factory under construction at Sindri, Rs. 2.92 crores for the expansion of civil aviation and Rs. 96 lakhs for the expansion of Broadcasting.

In the sphere of industrial development a beginning is also being made in the starting of basic industries essential for national development. Among these I would mention the Government Telephone Factory for the manufacture of telephone equipment, the setting up of a Shipping Corporation in which a total sum of Rs. 6.98 crores is expected to be invested this year and next year, the setting up of new steel works and factories for the manufacture of wireless equipment, synthetic oil, machine tools, cables, diesel engines and heavy electrical equipment. A beginning will be made in the establishment of these industries which will be developed in subsequent years.

Capital Expenditure.

31. With regard to capital expenditure I have just mentioned the provision included in the budget for development schemes. The House will doubtless be interested in the provision made in the budget for normal capital expenditure. But before I describe this, I must mention certain special transactions which have been entered in the capital budget this year. The first is the payment to the U.K. Government for the purchase of annuities for meeting the sterling pensions which accounts for a net debit of Rs. 215.68 crores this year and a recovery of Rs. 7.42 crores next year for which credit has been taken. The second is the payment, again to the U.K. Government, as part of the Sterling Balances Agreement of Rs. 133.33 crores for the Defence stores and installations taken over from them against which Rs. 51.57 crores will be recovered this year and Rs. 11.8 crores next year from Pakistan and from the sale of surpluses. The third is the outlay of Rs. 5.93 crores on the acquisition of the shares of the Reserve Bank of India this year. Lastly, there is a provision of Rs. 5.08 crores this year and Rs. 92 lakhs next year for payment to Pakistan for setting up Ordnance factories and other unique institutions. As part of the partition arrangements it was agreed that as most Ordnance factories and institutions like the Security Printing Press and the Currency Note Press were located in India and it was not desirable to break up these institutions, a sum of Rs. 6 crores should be made available to Pakistan for setting up similar institutions in Pakistan. This payment will be added to Pakistan's partition debt to India. Excluding these special items and the provision for development schemes and grants to Provinces the provision for normal capital expenditure amounts to Rs. 44.09 crores this year and Rs. 62.42 crores next year. Of the provision this year, Railways account for Rs. 27.15 crores and the Posts and Telegraphs Department for Rs. 2.91 crores. Next year's budget provides Rs. 28.49 crores for the Railways, Rs. 3.82 crores for Posts and Telegraphs and Rs. 7.9 crores for schemes of State Trading, mainly for the purchase of foodgrains the cost of which will be recovered in the following year.

The House will remember that a provision of Rs. 14.99 crores was made in the budget for the current year for capital outlay on Defence. The actual expenditure is now estimated at Rs. 9.91 crores, the decrease being mainly due to the delay in the completion of certain plans for major works and the procurement of aircraft. For next year a provision of Rs. 15 crores has been included of which Rs. 7.24 crores will be spent on the Army, Rs. 2.79 crores on the Navy and Rs. 4.97 crores on the Air Force.

Ways and Means.

32. I now turn to a brief consideration of the ways and means position. The current year's budget provided for a total borrowing of Rs. 150 crores from the market and to a net-receipt of Rs. 31.25 crores from small savings. For a variety of reasons to which I have

referred in another part of my speech the gilt-edged market remained inactive throughout the year with very little investment demand. It was not therefore possible to borrow on the scale originally contemplated. For next year I have made a modest provision of Rs. 85 crores for market loans. But if, as I hope, conditions improve the scale of borrowing will be raised. Next year Government have the option of repaying the 3 per cent. loan 1949-52 with an outstanding balance of Rs. 67 crores. I have assumed that this amount will be repaid and in my estimate of borrowing next year I have taken this return of money to the market also into account. In the present inflationary conditions, it is of the utmost importance for the economy of the country that the community should save as much as possible and lend its savings to the State. I trust that the recent measures taken by Government to meet the inflationary situation would restore public confidence and that this time next year I shall be in a position to give a more heartening picture of public co-operation in the Government's borrowing operations. As regards small savings, there has been in recent months some improvement in the net receipts from Savings Banks and in the sale of National Savings Certificates. The House will remember that last April Government issued two new series of certificates with a currency of five and seven years to cater to the smaller investor and also raised the maximum limit of investment in both Postal Savings Bank and National Savings Certificates in order to stimulate further investment. It is too early to assess the results of these measures but Government are doing all in their power, in co-operation with the Provincial Governments, to stimulate and sustain the small savings movement. It is hoped that the budget anticipations in regard to receipts from this source will be exceeded this year by Rs. 1.6 crores. For next year I have allowed for some further improvement and taken credit for a net receipt of Rs. 37.56 crores.

33. I now pass on to my proposals for dealing with the deficit of Rs. 14.70 crores anticipated in the coming year.

34. The prospective deficit for next year is substantial and I am sure that the House will agree with me that in the present inflationary conditions it should not be left uncovered.

35. The problem before me is not merely that of raising the additional revenue to cover this deficit. I have also to consider the adjustments in taxation necessary in the light of the experience of the working of the tax system in the period since the House passed the budget for the current year. Fiscal policy is not an end in itself but has to subserve the ends of national policy and in a transitional period like this it is essential to keep the working of the taxation system under constant review and readjust it in the light of changing circumstances.

Apart from inflation, to which I have referred in detail elsewhere, the most disconcerting element in the economic life of the country to-day is a deep, underlying fear of the future, of which the stagnation in the capital market is an index. In my view one of the most urgent tasks before a Finance Minister to-day is to concert measures designed to remove this fear and to secure a revival of confidence. It is clear from recent experience that the formation of capital in this country has been seriously affected, with the result that investments in Government loans and industry have been falling off. Unless this stagnation is checked and conditions are created in which the incentive to save and to invest is revived, the industrial expansion of the country and the execution of the plans for raising the living standards of the people are bound to be delayed. In formulating the proposals which I shall place before the House, I have kept this requirement prominently in mind.

RELIEFS IN TAXATION.

36. I shall now deal with the various measures of relief which I propose to give.

In the field of direct taxation, my first proposal is to abolish the Capital Gains Tax. At the time this tax was introduced it was expected to yield a large revenue, but it synchronised with a period of falling values and the yield from this tax has, in consequence, been small. Its psychological effect on investment has, however, been markedly adverse and it has had the effect of hampering the free movement of stocks and shares, without which it is hardly possible to maintain a high level of industrial development. In present circumstances, I consider the retention of this tax ill-advised. The loss of revenue is estimated at Rs. 1 crore.

My second proposal relates to income-tax. Here I propose to give some relief to income-tax payers in the lowest and medium income groups. The tax on incomes upto Rs. 10,000

will be reduced by a quarter of an anna, from one anna to nine pies in the first slab and from two annas to one anna nine pies in the second slab. This class has been severely hit by the rise in prices and a certain degree of relief in their case is amply justified. The loss is estimated at Rs. 3 crores.

My third proposal relates to super-tax. Here I propose two reliefs designed to meet the criticism that the existing level of taxation leaves little incentive for saving and investment and that it is illogical to ignore the differentiation between earned and unearned income above Rs. 1½ lakhs. In respect of earned income I propose a reduction of an anna and a half in the rates charged on incomes above Rs. 1½ lakhs, leaving the maximum rate of tax for income-tax and super-tax together at 14 annas. For unearned income, I propose a reduction of 6 pies in the maximum rate of super-tax. The cost of the two concessions will be Rs. 2.1 crores.

Of the total loss of Rs. 6.1 crores involved in these concessions, Rs. 3 crores will fall on the Provinces by reducing the divisible pool of income-tax and the balance on the Centre.

37. Before I leave the subject of direct taxation I would like to mention two changes which I propose to make. The House will remember that in the budget for the current year my predecessor gave a concession to companies with an income of Rs. 25,000 and below by reducing their income-tax to half the usual rates. This concession was meant to encourage the growth of smaller companies but the reduction, which was allowed in income-tax, has given rise to considerable administrative difficulties, wholly out of proportion to the amount involved or the benefit accruing to the companies. I have carefully reviewed the position and come to the conclusion that while the concession should be maintained it should take the form of a rebate of half the Corporation Tax, and should be limited to public-controlled small companies which are not branches or subsidiaries of bigger companies. The result of this change will be that the entire cost of the concession will fall upon the Centre, and the Provinces will not have to share it. The amount involved is likely to be small and I have therefore made no specific provision on this account in the estimates for next year. The second change relates to the taxation of incomes of privately-controlled companies which do not declare their dividends in India. It may be recalled that there was a serious anomaly in the administration of income-tax law relating to the recovery of super-tax from shareholders, in respect of the dividends paid out of Indian profits, by companies incorporated outside this country. It was difficult to obtain from these companies information concerning the names of their shareholders and the amounts of dividends paid out of Indian profits and there was consequently a considerable loss of revenue. The problem of plugging this leakage was considered last year and my predecessor introduced a scheme whereby an extra tax of one anna was imposed on all such companies with a view partially to recouping the loss. As part of the scheme, an amendment was made to the Income-tax Act so as to confer personal immunity from further taxation upon the shareholders of such companies. The amendment however had the effect of conferring immunity from super-tax not only upon the dividends actually received, but also upon the dividends which under the operation of section 23-A of the Income-tax Act could be deemed to have been received from privately-controlled companies. Therefore, if the matter had been left there, the profits of these companies would have escaped with an overall impost much lighter than that to which they were subject under the previous law. This point was met by applying to this category of companies the rates of income-tax and super-tax prescribed for individuals or associations and the definition of "company" was altered to permit of this being done by executive action. The arrangement has, however, not been satisfactory, and after a careful review of the matter I have decided that instead of attempting to tax each such privately controlled company as an individual, the principle of applying an average rate should be adopted. I accordingly propose that all corporations, whether Indian or non-Indian, should continue to be treated as companies but a further super-tax of one anna should be paid by those privately-controlled companies that do not distribute their profits in India. I propose to apply this method commencing with the current year. It will not involve any change in the revenue estimates.

38. There is one aspect of the complaint about the high taxation in relation to industry to which I would like to make a passing reference. Owing to the steep rise in the level of prices of raw materials, wages and working costs, larger amounts of working capital are needed to maintain production. Replacement costs are also higher, and there have been complaints that the calculation of depreciation allowance for purposes of taxation on the

original cost of the asset involves great hardship. It has been suggested that industries should be allowed to revalue their existing fixed assets at the present-day prices so that future depreciation allowance may be given on the basis of the revaluation. The Government of India considered this problem in all its aspects last October and came to the conclusion that while the difficulty complained of was real the solution proposed was not practicable. It would give no assistance to those who have immediately to replace their wornout assets and there was no point in giving a concession to others who, at some future date, may not be required to pay the high prices now prevailing. It was however realised that some relief should be given to those who were prepared to renew and re-equip their capital assets immediately, in spite of the prevailing high costs. It was decided that for all new plant and machinery installed during the five years from the 1st April 1948, depreciation allowance at double the ordinary rate will be allowed. It has also been decided that if by 1st April 1953 there is a drop in the general level of prices, the difference between the written down value of the assets and the corresponding value at the reduced price will be allowed as an additional depreciation allowance. For existing plant and machinery, it has been decided to grant extra depreciation allowance for increased wear and tear if triple shifts are worked. I trust that these concessions will go a long way in meeting the complaints of industry in this matter. In addition, the concession given last year of a reduced rate of income-tax to companies which do not distribute a part of their profits as dividends, and the recent limitation, for a temporary period, of the amount that may be distributed as dividends will also enable industrial concerns to accumulate reserves for meeting the increased cost of replacement.

39. I now turn to the reliefs in indirect taxation.

The House will remember that in the budget for the current year an export duty was levied on oil seeds and vegetable oils. This was justified at the time by the wide disparity between the internal prices of these commodities and their export prices and it was then felt that the levy of this duty will not affect our export market. The effect of this duty has since been carefully reviewed and it is now clear that its continuance hampers the maintenance of our exports, particularly to the dollar countries, where we have to meet severe competition. In the interests of the export trade I propose to withdraw this duty. The loss in revenue is estimated at Rs. 1.5 crores.

As a measure of assistance to civil aviation and to foster the development of flying clubs and the training of Indian pilots, it is proposed to give a rebate of half the duty on aviation spirit used by air companies, flying clubs and others. This concession is estimated to cost Rs. 40 lakhs.

Honourable Members are aware that it has been the policy of Government to give relief in respect of customs duty on raw materials imported for industry. In pursuance of this policy it is proposed to give relief next year in the case of a number of imported articles, the total cost of such remissions being estimated at Rs. 35 lakhs.

40. The net effect of all the reliefs mentioned so far is a reduction in revenue of Rs. 5.35 crores, raising the prospective deficit to Rs. 20.14 crores.

NEW AND ADDITIONAL TAXES

41. Before I deal with proposals for new taxation I would mention certain changes proposed in the postal rates. With the rapid development of a network of air services over the whole country, it has been decided to utilise this facility for accelerating the delivery of mails and transmit all first class mails, namely, letter and post cards as far as possible by air. The existing surcharge on air mails will accordingly be abolished and as all mails will be carried over as much of the distance as possible by air, it is proposed to revise the existing rates for letters and post cards. The rate for letters will be raised from 1½ annas to 2 annas for the first tola or fraction thereof, the rate for each subsequent tola or fraction thereof remaining unchanged at 1 anna. For post cards the present charge of six pies will be raised to nine pies, the rate which was in force prior to the 1st July 1946. The net additional revenue from the revision of these rates and the abolition of the surcharge on air mails is estimated at Rs. 2.84 crores.

42. I now come to the problem of covering the remaining deficit of Rs. 17.3 crores. It is obvious that at the present level of taxation there is now no scope for raising additional

revenue by an increase of direct taxes. As regards customs duties, the level of our import duties is, in my opinion, so high that no substantial increase in revenue is likely to result from enhancing them. The levy of export duties has to be carefully regulated with reference, not so much to our revenue needs, as to the need for maintaining and developing the country's export trade which earns the foreign exchange necessary for financing essential imports. While some adjustments may be found possible in respect of import duties, and export duties could be utilised to some extent, we can no longer rely on customs duties for raising substantial additional revenue and we shall have to depend largely on developing excise duties.

43. I shall first deal with customs duties. I propose to retain on the tariff next year the changes made by ordinance in November last as part of the campaign against inflation and complete the process of raising the duties on luxury items, which was then begun, by a number of further minor changes in the tariff. To this effect I propose to levy a surcharge on liquor equivalent to the basic duty, to raise the surcharge from one-fifth to one-half on fabrics containing silk, art silk, woollens and their mixtures and cotton knitted apparel, to double the surcharge on artificial silk yarn and thread, earthenware and china, and to raise the duty on paper (other than newsprint), stationery articles, glass and glassware including sheet and plate glass, cutlery, metal furniture, flashlights, photographic appliances and clocks and watches. The additional revenue from all these changes is estimated at Rs. 2.4 crores.

I also propose to raise the import duty on motor spirit from 12 annas a gallon to 15 annas a gallon. The excise duty will also be similarly raised. This will bring the duty on motor spirit to the level in 1945-46, when consumption of this article was regulated by more severe austerity standards, and bring in an additional revenue of Rs. 2.55 crores, taking Customs and Central Excises together. I have carefully considered the implications of this course on transport and am satisfied that it will not retard the development of transport or add materially to the cost of road transport.

My next proposal is to raise the import duty on betelnuts from 5 annas a lb. to 7½ annas a lb., with the present preference of 6 pies a lb. for imports from British colonies. This will bring in additional revenue and will also be in the interests of the indigenous grower. The yield is estimated at Rs. 1 crore.

In the sphere of export duties I propose a new duty of 15 per cent *ad valorem* on exports of cigarettes, cigars and cheroots. I am satisfied that this will not affect the export market for these goods. The estimated yield is Rs. 60 lakhs.

44. I now turn to changes in Central Excise Duties. I have already referred to the increase in the excise duty on motor spirit as complementary to the increase in the import duty. I propose further changes in respect of sugar, tyres for motor vehicles and cotton cloth. I propose to increase the duty on sugar from Rs. 3 per cwt. to Rs. 3-12 per cwt., to yield Rs. 1.5 crores. The duty on tyres used for motor vehicles will be raised from 15 per cent. *ad valorem* to 30 per cent. *ad valorem*, to bring an additional revenue of Rs. 70 lakhs. As regards cotton cloth, as the House is aware, a duty of 25 per cent. *ad valorem* was levied on superfine cloth with effect from 1st January 1949, as one of the measures against inflation. This duty will be continued next year and in addition, it is proposed to levy a duty of 6½ per cent. *ad valorem* on fine cloth and a quarter anna per yard on coarse and medium cloth. The duty will be confined to mill-made cloth and will not be applicable to cloth woven on handlooms. The revenue from this additional duty on cotton cloth is estimated at Rs. 9 crores.

45. The excise duty on cloth has a long and bitter history behind it and I must explain to the House my reasons for introducing it. In the first place, the circumstances in which we are levying the duty to-day are different from those in which it was levied by a foreign Government in the interests of a foreign industry. In the second place, it is necessary to replace the heavy loss in revenue resulting from the abolition of the salt duty by developing some other equally stable source of revenue. Cloth, with a large internal production and as an article of universal consumption, offers itself as the most obvious choice for a tax on consumption. Thirdly, in the present conditions, as the price of imported cloth remains high and the import duties thereon have been enhanced considerably, the proposed excise duty is not likely to affect the indigenous industry. I would also mention that this duty is likely to assist the handloom industry. During the war years when there was no control no handloom

cloth and supplies for civilian use were restricted the handloom industry had an assured market for its products. With the Indian mills steadily expanding their production and imports from overseas also tending to increase, the advantages which the handloom industry had during the war years will gradually disappear. The excise duty now proposed, which adds slightly to the cost of the mill product, will, in some measure, help the handloom industry to retain its market. From the point of view of the consumer the incidence of this duty, particularly on the middle and lower middle classes using coarse and medium cloth, will be negligible and in view of the substantial revenue that is expected from it I trust the House will accord its approval to it.

46. While on the subject of Central excises, I may mention the question of rationalising the duty on matches, which I have had under consideration for some time. The ideal arrangement will be to have one standard size of matches but owing to practical difficulties in production it is not possible to achieve this. I have therefore decided that two sizes, namely, 40s and 60s should continue in production for the home market and I have made some slight readjustment in the rate of the duty. Factories whose annual output is less than 5 lakhs gross boxes will now benefit by the levy of a somewhat lower rate of duty. Necessary amendments to the tariff will be made through the Finance Bill but this will not involve any change in the revenue estimates. With the provision of the two sizes I hope that the retail prices will not exceed 6 pies and 9 pies per box and that the consumer will get the benefit of the partial standardisation without any loss of revenue to the exchequer.

NET RESULT OF PROPOSALS.

47. I may now summarise the net effect of all the proposals that I have placed before the House. The various measures of relief which I have suggested in direct taxes will result in a loss of revenue of Rs. 3.1 crores; the abolition of the export duty on oil seeds and vegetable oils will involve a loss of Rs. 1.5 crores, and the rebate of duty on aviation spirit and industrial raw materials will cost a further sum of Rs. 75 lakhs. As I have already stated, this will bring the total loss of revenue to Rs. 5.35 crores, raising the prospective deficit from Rs. 14.79 crores to Rs. 20.14 crores. The increases in customs duties and, the new export duty on cigarettes and cigars will yield Rs. 6.23 crores, the net increase in Postal rates Rs. 2.84 crores, and the increases in Central Excise Duties Rs. 11.52 crores. The final effect of these proposals is to convert the prospective deficit into a small surplus of Rs. 45 lakhs.

CONCLUSION.

48. Sir, I have come to the end of my story. It is not pleasant for a Finance Minister to appear before the House with a record of deficits and proposals for additional taxation but a Finance Minister is as much the creature of circumstances as anyone else. Part of the heavy expenditure which Government have now to meet is due to extraordinary circumstances and but for these special demands, the budget would have shown a substantial surplus. As I have mentioned earlier, the present economic conditions in the country make it an imperative necessity to balance the budget. In laying fresh burdens of taxation the House will accept my assurance that I have done my best to secure that they are equitable and that no section of the community is made to pay more than its fair share.

49. On a survey of world conditions today, I feel that we have good reason for taking a hopeful view of our financial position. We are not alone in having to fight scarcities and inflation. These problems confront most countries in the post-war world. We can, however, take comfort from the fact that, unlike some other countries, our financial position is intrinsically sound. We have only a moderate public debt in relation to our national income and we have considerable external reserves with practically no external debt. We have weathered the storm and stress of the partition and its terrible aftermath. In spite of the heavy demands on our resources for the relief and rehabilitation of refugees, the import of food on an unprecedented scale from overseas and the defence of Kashmir against aggression, we are in a position to balance our budget, without sacrificing any of our essential schemes of development. We have made some headway in the fight against inflation. The curve of production is slowly rising and we have plans in hand for increasing the food production of the country. I do not wish in any way to minimise our difficulties or suggest that we can take a complacent view of the situation. A balanced national budget may, and often does, cover a multitude of ill-balanced family budgets. In this respect, we have still a formidable task ahead of us, the task of fighting want, sickness and poverty and raising the living standards of the millions.

to whom the emancipation of the country will be a mockery unless it is translated in terms of opportunities for a fuller, freer and better life. This task is not beyond our resources but it requires the co-operation of all classes and sections of the community in a spirit of partnership in a high adventure. I have no doubt that this co-operation will be forthcoming and I pray that my stewardship of the finances of the country may contribute in some degree to the accomplishment of this task.

SUMMARY OF FINAL ESTIMATES.

Revenue

(In lakhs of Rs.)

	Revised 1948-49	Budget 1949-50
Customs	117.25	107.25 3.98*
Central Excise Duties	50.25	57.75 11.52*
Corporation Tax	57.25	41.81
Taxes on Income other than Corporation Tax	100.75	113.19 -6.10*
Opium	1.08	1.18
Interest	1.42	1.19
Civil Administration	7.05	6.78
Currency and Mint	13.05	9.70
Civil Works	1.02	1.02
Pre-partition Receipts	13.40	..
Other Sources of Revenue	6.52	5.37
Posts and Telegraphs—		
Net Contribution	3.73	1.63 +2.84*
Railways—		
Net Contribution	7.34	4.72
Deduct—Share of Income-tax revenue payable to Provinces	-41.79	-43.85 +3.00*
Total Revenue	338.32	322.98

Expenditure

Direct demands on revenue	9.88	10.06
Irrigation	8	12
Debt Services	39.91	39.29
Civil Administration	38.35	40.50
Currency and Mint	2.76	2.23
Civil Works	8.15	7.32
Pensions	2.68	2.68
Miscellaneous—		
Expenditure on refugees	19.45	9.85
Subsidy on foodgrains	31.96	32.97
Other expenditure	5.30	5.12
Grants to Provinces, etc.	2.96	2.96
Extraordinary items	2.21	2.06
Defence Services (net)	155.43	157.37
Pre-partition Payments	20.75	10.00
Total Expenditure	339.87	322.53
Deficit	-1.55	Surplus + 45

Report for the Year 1948.

Section V.

DOCUMENTS AND STATISTICS.

LIST OF CONTENTS.

No. of Table.	Name of Table.	Page No.
1.	Spindles set up in India, U.S.A., Great Britain, Germany, Japan and China	419
2.	Looms	420
3.	Progress of Cotton Mill Industry of India	421
4.	World's cotton crops	422
5.	Production and consumption of raw cotton in India	423
6.	Statement showing the stocks of raw cotton held by Indian mills on 1st August 1948 and 1st February 1949	423
7.	Statement showing the cotton arrivals in Bombay during the season 1947-48 computed with nine previous seasons	424
8.	Statement showing the weekly prices of cotton in Bombay	425
9.	Statement showing the stocks of yarn and cloth held by Bombay Mills	426
10.	Average wholesale prices of piecegoods and yarn produced by Bombay Mills	427
11.	Exchange fluctuations and the price of silver	430
12.	Statement showing the quantity of yarn spun in India during the last 20 years	431
13.	Statement showing the quantity of yarn spun in Bombay City and Island during the last 20 years	432
14.	Statement showing the quantity of cloth produced in Indian mills during the last 20 years	433
15.	Statement showing the quantity of cloth produced in Bombay City and Island mills during the last 20 years	434
16.	Statement showing the imports of cotton yarn into India during the last 20 years	435
17.	Statement showing the imports of cotton yarn into Bombay during the last 20 years	436
18.	Statement showing the imports of piecegoods into India during the last 20 years	437
19.	Statement showing the imports of piecegoods into Bombay during the last 20 years	438
20.	Summary of imports of cotton yarn into India in 1948 compared with two previous years	439
21.	Detailed statement of imports of cotton yarn into India in 1948 compared with two previous years	440
22.	Summary of imports of cotton yarn into Bombay in 1948 compared with two previous years	441
23.	Detailed statement of imports of cotton yarn into Bombay in 1948 compared with two previous years	442
24.	Detailed statement of exports from India of Indian-made yarn by sea	443
25.	Detailed statement of exports from Bombay of Indian-made yarn by sea	444
26.	Summary of imports of cotton piecegoods into India in 1948 compared with two previous years	445
27.	Detailed statement of imports of cotton piecegoods into India in 1948 compared with two previous years	446
28.	Detailed statement of imports of cotton piecegoods into Bombay in 1948 compared with two previous years	448
29.	Summary of imports of cotton piecegoods into Bombay in 1948 compared with two previous years	450
30.	Detailed statement of exports of Indian-made piecegoods by sea from India	451
31.	Detailed statement of exports of Indian-made piecegoods by sea from Bombay	452
32.	Statement showing the re-exports of foreign-manufactured piecegoods and yarn from India	453
33.	Statement showing the re-exports of foreign manufactured piecegoods and yarn from Bombay	453
34.	Statement showing the approximate yardage of piecegoods available for consumption in India	454
35.	Statement showing the approximate poundage of yarn available for consumption in India	454
36.	Statement showing the progress of Japanese cotton mills during the last 21 years	455
37.	Statement showing Japan's cotton consumption during the last 30 years	456
38.	Statement showing Japan's cotton yarn production and exports during the last 30 years	457
39.	Statement showing Japan's cloth production during the last 30 years	458
40.	Statement showing the imports of cotton piecegoods and yarn from United Kingdom into the chief Presidency Ports of India	459

TABLE No. 1.

SPINDLES AND LOOMS SET UP IN INDIA, THE UNITED STATES OF AMERICA, GREAT BRITAIN, GERMANY, JAPAN AND CHINA.

The following figures have been obtained from various sources and may be taken as being approximately correct. In order, however, to make the record as complete as possible, the Committee of the Association will be obliged, if members and others who have any additional particulars available will kindly forward them to the Secretary for inclusion in any future statements that may be published:—

SPINDLES.

Year.	India	United States of America.	Great Britain.	Germany.	Japan.	China
1895	3,808,929	16,650,000	45,400,000	6,571,332	580,945	....
1896	3,932,946	17,333,396	44,900,000	...	692,384	....
1897	4,065,618	18,228,091	44,600,000	...	768,328	....
1898	4,250,720	18,434,244	44,900,000	7,115,500	1,027,817	....
1899	4,728,333	19,329,092	45,600,000	...	1,170,337	....
1900	4,945,783	19,472,232	45,600,000	8,031,400	1,274,000	550,000
1901	5,006,936	20,196,835	46,100,000	8,484,601	1,234,976	....
1902	5,006,965	20,907,212	49,727,107	...	1,230,697	....
1903	5,043,297	21,212,827	49,700,000	...	1,381,306	....
1904	5,118,121	22,197,522	49,500,000	...	1,345,585	....
1905	5,163,486	22,861,043	50,964,874	8,832,016	1,426,594	....
1906	5,279,595	24,628,379	52,796,230	9,121,259	1,472,253	....
1907	5,333,275	25,681,509	52,585,362	9,730,209	1,540,452	750,000
1908	5,756,020	26,183,442	55,218,024	9,850,209	1,795,879	....
1909	6,053,231	27,914,085	57,026,422	10,162,872	1,954,892	....
1910	6,195,671	28,299,182	57,731,829	10,200,000	2,099,764	....
1911	6,357,460	29,064,492	58,002,435	10,480,090	2,170,796	831,000
1912	6,463,929	29,962,713	58,140,220	10,725,732	2,176,748	833,112
1913	6,596,862	30,579,000	58,481,000	10,920,426	2,414,499	947,406
1914	6,778,895	32,227,810	59,317,187	10,162,872	2,657,174	1,000,000
1915	6,848,744	32,400,792	59,905,000	10,163,000	2,807,514	....
1916	6,839,877	32,653,164	59,811,222	...	2,875,904	1,029,218
1917	6,738,097	33,535,000	60,973,000	...	3,060,478	1,126,568
1918	6,653,871	34,219,156	57,685,841	...	3,227,678	....
1919	6,689,680	34,648,928	59,182,683	...	3,488,262	1,416,556
1920	6,763,076	34,946,721	60,079,894	8,262,872	3,813,680	1,585,300
1921	6,870,804	35,632,193	60,053,246	8,693,221	4,161,126	1,650,000
1922	7,331,219	36,584,487	58,712,803	9,400,000	4,517,612	1,888,348
1923	7,927,938	37,397,000	59,819,000	9,605,000	4,436,798	3,581,214
1924	8,313,273	37,924,000	59,511,000	10,060,000	5,125,696	3,509,440
1925	8,510,633	37,833,000	59,903,000	10,060,000	5,447,184	3,414,662
1926	8,714,168	37,650,000	60,385,000	10,300,000	5,679,853	3,461,152
1927	8,702,760	37,483,000	60,466,000	10,900,000	6,116,266	3,588,482
1928	8,704,172	36,824,000	60,042,000	11,020,000	6,467,174	3,688,483
1929	8,907,064	36,216,000	59,134,000	11,155,000	6,836,516	3,628,098
1930	9,124,768	35,663,000	57,712,000	11,260,000	7,214,001	3,664,120
1931	9,311,953	33,325,000	57,575,522	10,838,000	7,585,146	3,969,552
1932	9,506,083	32,109,000	53,443,684	10,232,000	7,964,850	4,497,902
1933	9,580,658	30,685,000	51,525,314	9,846,000	8,643,928	4,498,000
1934	9,613,174	30,329,000	47,182,560	9,900,000	9,530,574	4,904,788
1935	9,685,175	29,717,000	45,056,787	9,900,000	10,649,048	5,171,600
1936	9,856,658	28,598,538	42,641,685	9,900,000	12,139,408	5,172,000
1937	9,730,798	27,128,413	41,102,514	10,200,000	12,567,226	5,528,847
1938	10,020,275	25,934,590	38,807,925	11,065,000	12,776,220	5,635,068
1939	10,059,370	25,727,330	36,949,088	†13,000,000	12,278,233	5,635,068
1940	10,005,785	25,060,879	35,836,860	†13,000,000	12,278,233	5,635,065
1941	9,961,178	Not available	Not available	Not available	Not available	Not available
1942	10,026,425	Do.	Do.	Do.	do.	do.
1943	10,130,568	Do.	Do.	Do.	do.	do.
1944	10,222,107	Do.	Do.	Do.	do.	do.
1945	10,238,131	Do.	Do.	Do.	do.	do.
1946	10,305,169	Do.	Do.	Do.	do.	do.
1947	10,353,973	Do.	Do.	Do.	do.	do.
1948	10,433,065	Do.	Do.	Do.	do.	do.

Notes.—The figures for India are taken from the Association's Mill Statement.

The figures for Japan are taken from the half-yearly publication of the Japan Cotton Spinners Association.

The rest of the figures are taken from the Comtelburo Year Books.

† Includes Austria and Sudetanland.

TABLE No. 2.
LOOMS.

Year.	India.	United States of America	Great Britain.	Germany.	Japan.	China.
1896	37,270	354,358	....	....	....	....
1897	37,684	379,341	....	....	2,852	....
1898	38,013	384,745	....	240,000	2,798	....
1899	39,069	392,690	....	....	2,757	....
1900	40,124	439,465	648,820	211,818	5,045	....
1901	41,180	411,106	....	211,818	....	....
1902	42,584	477,072	....	....	....	....
1903	44,092	488,760	684,000	....	5,042	....
1904	45,337	503,027	....	....	5,085	....
1905	50,139	515,006	704,857	220,200	8,140	....
1906	52,668	525,630	704,857	220,200	9,601	....
1907	58,436	536,815	725,221	....	9,462	....
1908	67,920	546,160	736,225	....	11,146	....
1909	76,898	555,398	739,282	....	12,812	....
1910	82,725	625,719	741,197	220,200	17,702	....
1911	85,352	633,909	741,260	....	20,421	....
1912	88,951	671,873	758,712	....	21,898	2,728
1913	94,126	709,255	786,205	....	24,224	4,755
1914	104,179	696,387	805,452	220,200	25,442	....
1915	108,009	689,840	808,145	....	30,068	....
1916	110,268	719,358	808,796	....	31,295	4,755
1917	114,621	725,366	807,543	....	26,181	5,852
1918	116,484	712,426	787,679	....	40,391	....
1919	118,221	700,620	790,936	....	44,401	7,192
1920	119,012	708,079	798,082	190,200	50,582	7,660
1921	123,783	719,120	790,399	190,200	54,994	....
1922	134,620	707,469	799,000	190,200	60,892	10,814
1923	144,794	744,686	795,244	240,700	64,460	22,477
1924	151,485	760,625	791,674	240,700	68,579	21,644
1925	154,292	762,808	788,197	240,700	73,381	25,924
1926	159,464	760,133	786,809	240,700	77,043	22,924
1927	161,952	745,520	767,524	250,000	78,352	24,047
1928	166,522	747,379	754,940	250,000	81,209	25,980
1929	174,992	736,379	739,887	250,000	77,898	29,782
1930	179,250	720,177	703,878	250,000	79,466	29,582
1931	182,429	658,604	657,864	220,000	77,782	29,582
1932	186,341	646,764	624,629	230,000	79,277	32,580
1933	189,040	625,445	601,750	267,000	86,342	32,580
1934	194,388	608,815	560,153	225,000	91,146	42,596
1935	198,867	600,837	517,460	225,000	95,982	42,324
1936	200,062	575,366	499,703	225,000	100,542	42,324
1937	197,810	540,233	471,258	225,000	*332,564	52,009
1938	200,286	501,415	461,209	226,000	*332,564	58,429
1939	202,464	504,286	453,396	†270,000	*253,587	58,429
1940	200,076	505,609	441,085	....	....	....
1941	198,574	Not available	Do.	Not available	do.	....
1942	200,170	....	Do.	....	do.	....
1943	200,890	....	Do.	....	do.	....
1944	201,761	....	Do.	....	do.	....
1945	202,388	....	Do.	....	do.	....
1946	202,814	....	Do.	....	do.	....
1947	202,662	....	Do.	....	do.	....
1948	202,072	....	Do.	....	do.	....

(Please see footnote to previous table.)
† Includes Austria and Sudetanland.

* Includes narrow width looms.

TABLE No. 3
PROGRESS OF COTTON MILL INDUSTRY IN INDIA.

Year.	BOMBAY CITY AND ISLAND.										ALL-INDIA.									
	Average Working Daily.					Cotton Consumed. Bales of 392 lbs.					Average Working Daily.					Cotton Consumed. Bales of 392 lbs.				
	Spindles.		Looms.		Average Number of hands employed daily.	Yarn Spun. Bales of 400 lbs.		Cloth Woven (in yds.)		Year ending 31st August.	Spindles.		Looms.		Year ending 31st March.	Spindles.		Looms.		Year ending 31st August.
	1	2	1	2		3	4	5	6		1	2	3	4	5	1	2	3	4	
1919	2,652,116	52,320	999,766	765,476	126,368	999,766	765,476	757,903,744	102,977	2,044,230	6,046,323	102,977	2,044,230	1,537,601	1,450,726,160	293,277	293,277	293,277	293,277	293,277
1920	2,814,718	54,664	957,150	794,297	140,208	957,150	794,297	863,292,197	105,169	1,922,318	6,238,771	105,169	1,922,318	1,589,400	1,639,779,227	311,078	311,078	311,078	311,078	311,078
1921	2,896,926	57,159	1,060,698	866,141	147,740	1,060,698	866,141	936,006,933	117,708	2,120,230	6,407,037	117,708	2,120,230	1,650,000	1,580,849,746	332,179	332,179	332,179	332,179	332,179
1922	2,952,183	58,848	1,074,198	871,736	149,224	1,074,198	871,736	921,926,856	117,318	2,120,230	6,549,112	117,318	2,120,230	1,733,929	1,731,573,296	343,723	343,723	343,723	343,723	343,723
1923	3,013,593	60,808	1,089,630	870,245	148,771	1,089,630	870,245	870,954,518	120,806	2,131,698	6,760,218	120,806	2,131,698	1,764,733	1,725,284,187	347,380	347,380	347,380	347,380	347,380
1924	2,929,786	62,087	1,021,466	873,966	148,414	1,021,466	873,966	856,853,055	128,320	1,917,748	6,962,553	128,320	1,917,748	1,524,569	1,701,574,355	356,887	356,887	356,887	356,887	356,887
1925	3,181,854	66,329	994,732	818,957	153,009	994,732	818,957	936,028,304	135,516	2,226,310	7,454,161	135,516	2,226,310	1,798,475	1,970,446,852	367,877	367,877	367,877	367,877	367,877
1926	2,860,076	63,403	777,970	654,906	149,099	777,970	654,906	871,540,734	136,033	2,113,384	7,264,234	136,033	2,113,384	1,716,068	1,954,462,650	373,508	373,508	373,508	373,508	373,508
1927	2,951,513	69,684	994,500	862,147	154,688	994,500	862,147	1,135,020,515	146,200	2,417,412	7,521,638	146,200	2,417,412	2,017,790	2,258,716,065	384,623	384,623	384,623	384,623	384,623
1928	1,926,026	45,404	585,948	796,867	129,276	585,948	796,867	1,131,620,532	129,276	2,009,782	6,605,175	129,276	2,009,782	2,022,351	2,356,564,305	360,921	360,921	360,921	360,921	360,921
1929	2,108,747	47,668	830,978	384,352	106,710	830,978	384,352	537,402,790	133,582	2,161,166	6,957,389	133,582	2,161,166	1,620,740	1,838,285,655	346,925	346,925	346,925	346,925	346,925
1930	2,803,936	64,397	877,492	658,042	136,774	877,492	658,042	888,944,315	136,774	2,573,714	7,979,454	136,774	2,573,714	2,083,899	2,418,981,049	384,022	384,022	384,022	384,022	384,022
1931	2,702,848	62,745	839,388	677,266	129,067	839,388	677,266	967,535,625	129,067	2,633,176	9,093,714	129,067	2,633,176	2,168,196	2,561,133,035	395,475	395,475	395,475	395,475	395,475
1932	2,716,989	61,853	920,730	803,974	129,534	920,730	803,974	1,216,886,366	129,534	2,911,264	8,323,082	129,534	2,911,264	2,416,016	2,499,891,101	403,226	403,226	403,226	403,226	403,226
1933	2,430,854	55,870	797,976	782,304	119,943	797,976	782,304	1,210,597,547	119,943	2,837,158	8,202,149	119,943	2,837,158	2,541,046	3,169,898,499	400,005	400,005	400,005	400,005	400,005
1934	2,043,506	48,764	613,014	606,619	95,007	613,014	606,619	923,057,741	95,007	2,703,990	7,845,077	95,007	2,703,990	2,302,652	2,945,051,727	394,938	394,938	394,938	394,938	394,938
1935	2,393,324	57,204	855,252	663,469	111,147	855,252	663,469	1,025,360,827	111,147	3,123,414	8,441,464	111,147	3,123,414	2,591,589	3,397,456,046	414,194	414,194	414,194	414,194	414,194
1936	2,305,970	57,783	856,460	762,092	109,670	856,460	762,092	1,236,204,971	109,670	3,109,618	8,504,406	109,670	3,109,618	2,645,742	3,571,370,903	417,803	417,803	417,803	417,803	417,803
1937	2,322,151	58,978	828,184	691,490	109,479	828,184	691,490	1,156,084,569	109,479	3,148,752	8,441,001	109,479	3,148,752	2,635,292	3,571,957,099	417,276	417,276	417,276	417,276	417,276
1938	2,584,583	62,812	1,036,992	826,503	118,993	1,036,992	826,503	1,376,127,887	118,993	3,602,645	8,901,635	118,993	3,602,645	2,898,781	4,084,276,363	437,690	437,690	437,690	437,690	437,690
1939	2,434,022	61,452	946,542	818,076	113,338	946,542	818,076	1,439,161,075	113,338	3,832,332	8,956,371	113,338	3,832,332	3,258,115	4,269,269,499	441,949	441,949	441,949	441,949	441,949
1940	2,350,164	59,568	811,450	725,966	104,890	811,450	725,966	1,241,854,984	104,890	3,679,874	8,847,326	104,890	3,679,874	3,084,216	4,012,529,025	430,165	430,165	430,165	430,165	430,165
1941	2,465,515	62,688	1,147,968	855,583	115,903	1,147,968	855,583	1,308,777,815	115,903	4,251,022	9,083,046	115,903	4,251,022	3,372,597	4,269,475,002	459,509	459,509	459,509	459,509	459,509
1942	2,457,782	61,141	1,310,034	1,171,791	122,025	1,310,034	1,171,791	1,498,640,911	122,025	4,470,722	9,165,812	122,025	4,470,722	3,942,944	4,493,613,208	480,447	480,447	480,447	480,447	480,447
1943	2,578,875	63,171	1,484,462	1,162,553	129,655	1,484,462	1,162,553	1,392,440,050	129,655	4,890,318	9,402,397	129,655	4,890,318	3,834,340	4,109,336,790	502,650	502,650	502,650	502,650	502,650
1944	2,633,694	63,863	1,451,980	1,275,728	129,642	1,451,980	1,275,728	1,656,839,777	129,642	4,843,112	9,493,784	129,642	4,843,112	4,201,156	4,870,686,903	504,401	504,401	504,401	504,401	504,401
1945	2,586,850	65,390	1,493,240	1,241,477	129,510	1,493,240	1,241,477	1,497,701,235	129,510	4,909,314	9,466,098	129,510	4,909,314	4,127,313	4,726,472,273	509,778	509,778	509,778	509,778	509,778
1946	2,625,770	62,312	1,352,486	1,222,456	126,798	1,352,486	1,222,456	1,790,465,150	126,798	4,561,507	9,548,295	126,798	4,561,507	4,037,042	4,675,634,321	495,456	495,456	495,456	495,456	495,456
1947	2,646,610	60,968	1,137,064	981,700	124,471	1,137,064	981,700	1,302,350,100	124,471	3,972,156	6,584,257	124,471	3,972,156	3,345,080	3,889,786,000	488,370	488,370	488,370	488,370	488,370
1948	2,682,245	61,452	1,229,440	963,212	127,791	1,229,440	963,212	1,552,833,536	127,791	4,982,974	9,580,127	127,791	4,982,974	3,324,418	4,770,016,543	476,146	476,146	476,146	476,146	476,146

NOTE.—Columns 1, 2 and 3.—Figures taken from the Association's Mill Statement Columns 4 and 6.—Are taken from "Monthly Statistics of Spinning and Weaving" published by the Government of India.

Column 6.—Same as columns 1, 2 and 3.

Production was at a standstill in all the mills in the Bombay City and Island for about 2 months in 1924 (encl. of January to March) and for a further period of 2½ months in 1925-26 (Sept. 15th to 1st Dec.) and again for about 6 months in 1928 (April 15th to first week of October) and for about 4½ months in 1929 (26th April to the middle of September).

TABLE No. 4.
THE WORLD'S COTTON CROPS, 1914-15 to 1947-48 (TODD'S).
 (Bales approximately 500 lbs.)
 (000's omitted.)

Years	America (Linters included).	India *	Egypt	Russia.	China.	Others	Total.	Percentage on 1914-15
1914-15	16,992	5,209	1,298	1,244	2,333	1,154	28,212	100
1915-16	12,123	3,738	961	1,407	2,057	984	21,270	76
1916-17	12,781	4,489	1,022	1,110	1,714	1,027	22,143	79
1917-18	12,428	4,000	1,262	603	1,863	1,086	21,242	76
1918-19	12,970	3,972	964	420	2,203	1,298	21,827	78
1919-20	12,029	5,796	1,114	274	1,914	1,485	22,612	81
1920-21	13,880	3,600	1,206	66	1,829	1,326	21,907	78
1921-22	8,351	4,485	972	42	1,488	1,263	16,601	59
1922-23	10,370	5,073	1,243	52	2,249	1,880	20,367	72
1923-24	10,808	5,161	1,806	214	1,931	1,600	21,020	74
1924-25	14,525	6,088	1,455	458	2,104	1,904	26,534	94
1925-26	17,219	6,215	1,593	741	2,044	1,991	29,803	106
1926-27	19,135	5,024	1,530	785	1,691	1,988	30,153	107
1927-28	13,972	5,963	1,219	1,025	1,833	1,803	26,815	92
1928-29	15,760	5,782	1,602	1,174	2,394	2,105	28,817	102
1929-30	16,066	5,243	1,706	1,279	2,055	2,118	28,467	101
1930-31	14,918	5,226	1,655	1,589	2,386	1,900	27,674	98
1931-32	8,163	4,007	1,271	1,846	1,733	2,081	29,101	103
1932-33	13,914	4,656	991	1,776	195	1,813	25,345	90
1933-34	14,029	5,108	1,715	1,844	2,673	3,005	28,374	100
1934-35	10,638	4,857	1,511	1,772	3,078	3,755	25,611	90
1935-36	11,727	5,972	1,707	2,313	2,410	4,447	28,576	99
1936-37	13,806	6,347	1,821	3,550	3,741	4,583	33,848	120
1937-38	20,765	(a) 5,779	2,202	3,782	3,083	5,266	40,877	145
1938-39	13,321	(a) 5,051	1,668	3,870	2,300	5,120	31,300	111
1939-40*	13,147	(a) 4,909	1,738	4,050	1,900	5,155	30,899	109
1940-41†	13,966	(a) 6,080	1,896	4,300	2,300	4,442	32,689	116
1941-42	11,844	(a) 6,223	1,650	4,000	2,400	5,060	30,772	109
1942-43		(a) 4,702	..	..	..	..	..	..
1943-44		(a) 5,259	..	..	..	..	..	..
1944-45		(a) 3,498	..	..	..	..	..	..
1945-46		(a) 3,530	..	..	..	..	..	..
1946-47		(a) 3,566	..	..	..	..	..	..
1947-48		(a) 2,116	..	..	..	..	..	..

* Estimates.

† 400-lb. bales.

(a) Excludes Burma.

NOTE. Figures taken from the "Bombay Cotton Annual" issued by the East India Cotton Association.

TABLE No. 5.

PRODUCTION AND CONSUMPTION OF RAW COTTON IN INDIAN UNION.

The following statement compares the estimates of the total outturn of cotton in India for the last two years with the sum of exports and internal consumption. The figures are those compiled by the Indian Central Cotton Committee and refer in the case of mills in British provinces to Indian cotton alone. The estimate of mill consumption in Indian States refers to all cotton, but it has been ascertained from the Indian Central Cotton Committee that the amount of foreign cotton consumed in Indian States is negligible. Import figures have not therefore been taken into consideration for the purposes of the comparison set forth below. A conventional estimate has as usual been made for extra factory or local consumption. It should be borne in mind that estimates of the "Carry-over" from one year to another have not been taken into account owing to complete information not being available regarding stocks.

	YEAR ENDING 31ST AUGUST	
	1947. Thousand bales (400 lbs.)	1948. Thousand bales (400 lbs.)
Exports to United Kingdom ..	196	79
„ to United States of America ..	109	56
„ to Australia ..	25	6
„ to Other Countries ..	679	643
Total ..	1,009	784
Home Consumption—		
Mills† ..	3,804	2,910
Extra—factory or local‡ ..	450	270
Total ..	4,254	3,180
Approximate crop ..	5,263	3,964
Estimated in forecast ..	3,566	2,116
Excess (+) or deficit (—) neglecting carry-over ..	+1,697	+1,848

† The figure of mill consumption is that compiled by the Indian Central Cotton Committee, Bombay, mainly on the basis of returns made under the Indian Cotton Cess Act.

‡ Conventional estimate.

TABLE No. 6.

STATEMENT SHOWING THE STOCKS OF COTTON HELD BY INDIAN MILLS ON
1ST AUGUST 1948 AND ON 1ST FEBRUARY 1949.

(In bales regardless of weight.)

	Bombay City and Island.		All-India.	
	1-8-48.	1-2-49.	1-8-48.	1-2-49.
COTTON MILL STOCKS. (In actual bales regardless of weight.)				
(a) American (Linters and waste not included) ..	827	2,483	838	3,526
(b) Indian ..	339,486	275,624	1,397,810	1,041,592
(c) Egyptian ..	19,473	20,559	57,291	54,388
(d) Sundries ..	51,625	54,645	96,097	109,786
Total ..	411,411	353,311	1,552,036	1,209,292

Figures from the Cotton Census collected at the request of the International Federation of Master Cotton Spinners' and Manufacturers' Associations.

(Figures are approximations.)

TABLE NO. 7.

The following Table gives details of cotton arrivals into Bombay during the 1947-48 season compared with the total of the nine previous years.

(Actual weight converted into bales of 3½ cwts. each.) (Season ending 31st August in each case.)

NOTE.—The following figures are extracted from the daily returns issued by the Bombay Chamber of Commerce.

	1938-39.	1939-40.	1940-41.	1941-42.	1942-43.	1943-44.	1944-45.	1945-46.	1946-47.	1947-48
Khandesh	55,644	100,995	88,592	117,165	61,592	50,147	66,620	43,306	60,815
Central India	109,361	149,983	31,284	55,637	59,783	33,656	71,985	50,167	83,999
Barsi Nagar and Hyderabad Gaon ^o	162,127	175,952	74,862	63,511	66,193	105,668	139,058	147,007	151,010
Bera	318,618	386,742	179,814	207,968	257,393	235,529	289,954	203,855	322,499
Central Provinces	76,962	78,306	87,565	34,409	51,048	57,008	82,812	51,144	79,229
Dhollera	89,297	102,458	34,832	6,897	70,051	124,056	348,726	114,348	199,473
N. W. Provinces	26,079	2,049	1,425	1,377	811	742	4,823	1,382	8,415
Rajputana	35,228	6,775	470	44	1,082	3,946	35,689	31,283	66,976
Sind-Punjab	357,570	578,393	448,957	779,428	410,414	558,471	301,667	411,866	401,824
Broach	409,044	299,943	321,774	126,986	334,624	161,742	198,737	229,401	185,300
Compta Dharwar	53,357	155,178	54,332	89,597	41,322	84,193	52,369	21,961	90,179
Western Northens	38,178	113,767	48,003	23,082	11,238	82,526	66,749	26,963	61,789
Oceania	86	239	..	..	..	..	..	..	753
Tinnevelly and Cambodia	1,412	16,998	21,873	15,587	1,208	13,674	10,776	4,240	21,952
Persians
Americans	105,532	2,160	..	..	..	13,339	40,423	70,316	..
Egyptians	180,112	370,821	261,730	368,121	320,905	375,172	362,475	355,872	282,990
East Africans	196,543	295,292	296,871	134,578	188,118	149,107	250,206	212,815	169,137
Comilla, Burmah and Other Sorts	2,807	1,087	11,426	1,084	2,712	4,109	20,555	3,210	179
Total ..	2,354,647	2,247,957	2,336,943	1,963,810	2,025,471	1,878,494	2,051,085	2,523,524	1,985,166	2,136,499

STATEMENT SHOWING THE WEEKLY PRICES OF COTTON IN BOMBAY (IN RUPEES PER CANDY OF 784 lbs.)

Official spot and hedge contract rates during the year 1948.

The figures are extracted from the weekly statistics of the East India Cotton Association.

HEDGE CONTRACT.														INDIAN COTTON CONTRACT											
Date.	Jan. 1946	March 1946	May 1946	July 1946	Sept. 1946	Feb. 1949	May 1949	July 1949	Janila (Basta)	Broach	Surti	Roller-ginned Punjab-American		Saw-ginned Punjab-American		Roller-ginned Sind-American.		Saw-ginned Sind-American.		Upland, Comptia Western		Cambo- dia	Karna- gram		
										4F.	L.S.S.	289F.	4F.	L.S.S.	289F.	4F.	L.S.S.	289F.	4F.	L.S.S.	289F.	N.T.			
1946																									
January	502	495	499	505	508				507																
" 7th	520	506	510	516	519				525																
" 14th	523	508	514	522	527				525																
" 21st		530	535	544	550				549																
February		539	545	554	560				564																
" 7th		543	549	555	563				568																
" 14th		548	554	560	568				583																
" 21st		553	559	564	572				605																
March		558	564	570	578				616																
" 7th		563	569	575	583				632																
" 14th		568	574	580	588				650																
" 21st		573	579	585	593				657																
April		578	584	590	598				662																
" 7th		583	589	595	603				678																
" 14th		588	594	600	608				692																
" 21st		593	599	605	613				699																
May		598	604	610	618				706																
" 7th		603	609	615	623				713																
" 14th		608	614	620	628				720																
" 21st		613	619	625	633				727																
June		618	624	630	638				734																
" 7th		623	629	635	643				741																
" 14th		628	634	640	648				748																
" 21st		633	639	645	653				755																
July		638	644	650	658				762																
" 7th		643	649	655	663				769																
" 14th		648	654	660	668				776																
" 21st		653	659	665	673				783																
August		658	664	670	678				790																
" 7th		663	669	675	683				797																
" 14th		668	674	680	688				804																
" 21st		673	679	685	693				811																
September		678	684	690	698				818																
" 7th		683	689	695	703				825																
" 14th		688	694	700	708				832																
" 21st		693	699	705	713				839																
October		698	704	710	718				846																
" 7th		703	709	715	723				853																
" 14th		708	714	720	728				860																
" 21st		713	719	725	733				867																
November		718	724	730	738				874																
" 7th		723	729	735	743				881																
" 14th		728	734	740	748				888																
" 21st		733	739	745	753				895																
December		738	744	750	758				902																
" 7th		743	749	755	763				909																
" 14th		748	754	760	768				916																
" 21st		753	759	765	773				923																
January 1947		758	764	770	778				930																
" 7th		763	769	775	783				937																
" 14th		768	774	780	788				944																
" 21st		773	779	785	793				951																
February 1947		778	784	790	798				958																
" 7th		783	789	795	803				965																
" 14th		788	794	800	808				972																
" 21st		793	799	805	813				979																
March 1947		798	804	810	818				986																
" 7th		803	809	815	823				993																
" 14th		808	814	820	828				1000																
" 21st		813	819	825	833				1007																
April 1947		818	824	830	838				1014																
" 7th		823	829	835	843				1021																
" 14th		828	834	840	848				1028																
" 21st		833	839	845	853				1035																
May 1947		838	844	850	858				1042																
" 7th		843	849	855	863				1049																
" 14th		848	854	860	868				1056																
" 21st		853	859	865	873				1063																
June 1947		858	864	870	878				1070																
" 7th		863	869	875	883				1077																
" 14th		868	874	880	888				1084																
" 21st		873	879	885	893				1091																
July 1947		878	884	890	898				1098																
" 7th		883	889	895	903				1105																
" 14th		888	894	900	908				1112																
" 21st		893	899	905	913				1119																
August 1947		898	904	910	918				1126																
" 7th		903	909	915	923				1133																
" 14th		908	914	920	928				1140																
" 21st		913	919	925	933				1147																
September 1947		918	924	930	938				1154																
" 7th		923	929	935	943				1161																
" 14th		928	934	940	948				1168																
" 21st		933	939	945	953				1175																
October 1947		938	944	950	958				1182																
" 7th		943	949	955	963				1189																
" 14th		948	954	960	968				1196																
" 21st		953	959	965	973				1203																
November 1947		958	964	970	978				1210																
" 7th		963	969	975	983				1217																
" 14th		968	974	980	988				1224																
" 21st		973	979	985	993				1231																
December 1947		978	984	990	998				1238																
" 7th		983	989	995	1003				1245																
" 14th		988	994	1000	1008				1252																

TABLE No. 9.

STOCKS OF YARN AND CLOTH HELD BY BOMBAY MILLS.

The following table shows the stocks of Yarn and Cloth held by Bombay Mills compiled from returns received by the Association :—

Date of Returns.	CLOTH STOCKS IN BALES.			YARN STOCKS IN BALES.		
	Approximation of stocks for all Bombay Mills.			Approximation of stocks for all Bombay Mills.		
	Sold but delivery not taken.	Unsold.	Total unclear- ed.	Sold but delivery not taken.	Unsold.	Total unclear- ed.
1945.						
January 31st	54,000	9,000	63,000	10,000	2,000	12,000
February 28th	60,000	8,000	68,000	11,000	3,000	14,000
March 31st	61,000	6,000	67,000	10,000	4,000	14,000
April 30th	63,000	7,000	70,000	12,000	4,000	16,000
May 31st	60,000	8,000	68,000	13,000	4,000	17,000
June 30th	67,000	9,000	76,000	12,000	4,000	16,000
July 31st	67,000	6,000	73,000	10,000	6,000	16,000
August 31st	65,000	9,000	74,000	10,000	5,000	15,000
September 30th	77,000	11,000	88,000	11,000	7,000	18,000
October 31st	79,000	12,000	91,000	13,000	7,000	20,000
November 30th	63,000	7,000	70,000	12,000	7,000	19,000
December 31st	64,000	9,000	73,000	11,000	6,000	17,000
1946.						
January 31st	60,000	9,000	69,000	9,000	5,000	14,000
February 29th	55,000	8,000	63,000	8,000	6,000	14,000
March 31st	49,000	7,000	56,000	8,000	6,000	14,000
April 30th	50,000	8,000	58,000	9,000	5,000	14,000
May 31st	44,000	10,000	54,000	8,000	5,000	13,000
June 30th	45,000	9,000	54,000	8,000	5,000	13,000
July 31st	54,000	12,000	66,000	8,000	6,000	14,000
August 31st	69,000	14,000	83,000	9,000	6,000	15,000
September 30th	57,000	10,000	67,000	9,000	6,000	15,000
October 31st	48,000	7,000	55,000	11,000	4,000	15,000
November 30th	39,000	6,000	45,000	9,000	6,000	15,000
December 31st	39,000	7,000	46,000	9,000	6,000	15,000
1947.						
January 31st	38,000	7,000	45,000	8,000	6,000	14,000
February 28th	42,000	6,000	48,000	10,000	5,000	15,000
March 31st	39,000	8,000	47,000	7,000	6,000	13,000
April 30th	43,000	9,000	52,000	9,000	6,000	15,000
May 31st	34,000	9,000	43,000	10,000	7,000	17,000
June 30th	34,000	7,000	41,000	8,000	6,000	14,000
July 31st	34,000	9,000	43,000	9,000	4,000	13,000
August 31st	39,000	9,000	48,000	9,000	6,000	15,000
September 30th	33,000	7,000	40,000	12,000	6,000	18,000
October 31st	59,000	7,000	66,000	12,000	10,000	22,000
November 30th	49,000	9,000	58,000	12,000	10,000	22,000
December 31st	28,000	5,000	33,000	13,000	5,000	18,000
1948.						
January 31st	49,000	26,000	75,000	15,000	8,000	23,000
February 29th	57,000	19,000	76,000	17,000	7,000	24,000
March 31st	44,000	17,000	61,000	17,000	8,000	25,000
April 30th	39,000	23,000	62,000	12,000	8,000	20,000
May 31st	50,000	29,000	79,000	9,000	6,000	15,000
June 30th	54,000	37,000	91,000	7,000	4,000	11,000
July 31st	64,000	21,000	85,000	9,000	4,000	13,000
August 31st	61,000	96,000	157,000	11,000	11,000	22,000
September 30th	68,000	100,000	168,000	15,000	14,000	29,000
October 31st	71,000	111,000	182,000	16,000	13,000	29,000
November 30th	65,000	86,000	151,000	15,000	9,000	24,000
December 31st	53,000	88,000	141,000	14,000	8,000	22,000

TABLE No. 10.
AVERAGE WHOLESALE PRICES OF PIECEGOODS AND YARN
PRODUCED BY BOMBAY MILLS

Date.	PIECEGOODS.			YARN	
	Longcloth.	T. Cloths.	Chadars.	No. 10's.	Twist. No. 20'
	As.	As.	As.	As.	As.
Year ending December 31st, 1905	9.39	9.56	9.30	5 29/32	7.0
Year ending December 31st, 1906	9.46	9.45	9.38	5 29/32	7 5/16
Year ending December 31st, 1907	Not Available.				
Year ending December 31st, 1908	9 7/16	9 1/16	8 15/16	5 3/32	6 1/4
Year ending December 31st, 1909	Not Available.				
Year ending December 31st, 1910	9 15/16	9 3/16	9 3/16	6 27/32	7 13/16
Year ending December 31st, 1911	Not Available.				
Year ending December 31st, 1912	10 13/16	10 1/2	9 1/2	7 5/32	8 1/4
Year ending December 31st, 1913	Not Available.				
Year ending December 31st, 1914	9 1/2	9 3/16	9 5/16	5 1/2	6 23/32
Year ending December 31st, 1915	9 1/16	8 7/16	8 7/16	5	6 1/32
Year ending December 31st, 1916	11 1/2	11 1/2	10 1/2	6 7/16	8 9/32
Year ending December 31st, 1917	17 1/2	16 3/16	14 15/16	9 7/16	12 29/32
Year ending December 31st, 1918	29 1/2	26 1/2	25 1/2	16 29/32	20 31/32
Year ending December 31st, 1919	26 1/2	24 9/16	24 1/2	16 19/32	21 3/16
Year ending December 31st, 1920	29 1/2	27 1/2	27 9/16	16 11/16	24 1/2
Year ending December 31st, 1921	26 3/16	24 1/2	24 5/16	12 9/32	17
Year ending December 31st, 1922	25 11/32	22 1/2	23 1/2	13 1/2	16 15/16
Year ending December 31st, 1923	21 1/2	19 15/16	19 13/16	12 1/16	15 19/32
Year ending December 31st, 1924	22 1/2	21 1/2	20 9/16	14 1/2	17 11/32
Year ending December 31st, 1925	19 1/2	18 9/16	18 1/2	13 3/32	13 31/32

TABLE No. 10—*contd.*
AVERAGE WHOLESALE PRICES OF GREY UNBLEACHED PIECEGOODS IN 1948.

	Longcloth		Shirtings		Leopard		Dhoties up		Dhoties		Drills		Domestics		Domestics		Salits		Chadars	
	Standard	Quality	35 x 38 1/2	Per lb.	43 x 38 1/2	Per lb.	to 1" Nakhli	border,	Rs. a. p.	Rs. a. p.	25 1/2	40	24 x 48 x 10	Per lb.	26 x 61 x 11	Per lb.	40 x 66 x 25	Per lb.	50 x 66 x 31	Per lb.
	37 x 37 1/2	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.	Per lb.
Year ending 31st December, 1932	0 11 0	0 10 6	0 9 9	0 9 9	0 9 9	0 9 7	0 11 1	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1933	0 10 4	0 9 9	0 9 9	0 9 9	0 9 9	0 9 5	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1934	0 10 3	0 9 9	0 9 9	0 9 9	0 9 9	0 9 5	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1935	0 10 0	0 9 9	0 9 9	0 9 9	0 9 9	0 9 3	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1936	0 9 8	0 9 9	0 9 9	0 9 9	0 9 9	0 9 3	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1937	0 9 9	0 9 9	0 9 9	0 9 9	0 9 9	0 9 5	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1938	0 9 6	0 9 9	0 9 9	0 9 9	0 9 9	0 9 2	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1939	0 9 4	0 9 9	0 9 9	0 9 9	0 9 9	0 8 11	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1940	0 10 8	0 10 2	0 10 2	0 10 2	0 10 2	0 10 3	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1941	0 15 6	0 14 1	0 14 1	0 14 1	0 14 1	0 14 9	0 10 6	0 10 5	0 14 6	0 8 10	0 8 5	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6	0 10 6
Year ending 31st December, 1942	1 6 8	1 6 1	1 6 1	1 6 1	1 6 1	1 6 3	1 7 7	2 6 5	3 14 3	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2
Year ending 31st December, 1943	2 5 3	2 4 3	2 4 3	2 4 3	2 4 3	2 4 11	2 6 5	2 6 5	3 14 3	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2	2 3 2
Year ending 31st December, 1944	1 7 6	1 7 6	1 7 6	1 7 6	1 7 6	1 7 7	1 7 6	1 7 6	2 12 0	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2
Year ending 31st December, 1945	1 7 6	1 7 6	1 7 6	1 7 6	1 7 6	1 7 7	1 7 6	1 7 6	2 12 0	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2	1 5 2
Year ending 31st December, 1946	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 6	1 6 6	1 6 6	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
Year ending 31st December, 1947	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted
9th January, 1948	1 6 0	1 6 0	1 6 0	1 6 0	1 6 0	1 6 6	1 6 6	1 6 6	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
23rd January, 1948	1 6 1	1 6 1	1 6 1	1 6 1	1 6 1	1 6 3	1 6 3	1 6 3	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
6th February, 1948	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted
20th February, 1948	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 0	1 10 0	1 10 0	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
5th March, 1948	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
16th March, 1948	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
2nd April, 1948	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
16th April, 1948	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
30th April, 1948	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	1 10 3	2 4 0	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3	1 4 3
14th May, 1948	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted	Not quoted
28th May, 1948	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 5 0	2 5 0	2 5 0	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9
11th June, 1948	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 5 0	2 5 0	2 5 0	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9
26th June, 1948	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 5 0	2 5 0	2 5 0	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9
9th July, 1948	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 5 0	2 5 0	2 5 0	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9	2 9 9
23rd July, 1948	2 7 3	2 7 3	2 7 3	2 7 3	2 7 3	2 5 0	2 5 0	2 5 0	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
6th August, 1948	2 7 3	2 7 3	2 7 3	2 7 3	2 7 3	Not quoted	Not quoted	Not quoted	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
20th August, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	Not quoted	Not quoted	Not quoted	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
2nd September, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	Not quoted	Not quoted	Not quoted	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
17th September, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	Not quoted	Not quoted	Not quoted	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
1st October, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	Not quoted	Not quoted	Not quoted	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
15th October, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	1 15 10	1 15 10	1 15 10	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
29th October, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	1 15 10	1 15 10	1 15 10	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
11th November, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	1 15 10	1 15 10	1 15 10	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
26th November, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	1 15 10	1 15 10	1 15 10	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
10th December, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	1 15 10	1 15 10	1 15 10	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1
24th December, 1948	1 15 4	1 15 4	1 15 4	1 15 4	1 15 4	1 15 10	1 15 10	1 15 10	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1	2 4 1

Note.—Figures extracted from the current quotations issued by the Association

TABLE NO. 10—*contd.*

AVERAGE WHOLESALE PRICES FOR WHITE PIECEGOODS AND GREY YARN IN 1948.

[illegible]

TABLE No. 11.

EXCHANGE VARIATIONS IN 1948 FOR TELEGRAPHIC TRANSFERS, DEMAND
DRAFTS AND THE PRICE OF SILVER.

1948.		Bombay/ London. Selling T. T. Rate.	Bombay/ Yokohama Per 100 yens Selling T. T. Rate.	Bombay/ Hongkong Per 100 dollars Selling D.D. Rate.	Bombay/ Shanghai Per 100 dollars. Selling D.D. Rate.	Bombay/ New York Per 100 dollars. Selling D.D. Rate.	Price in Bombay for 100 toles of ready silver.	
		s.	Rs.	Rs.	Rs.	Rs.	Rs. s. p.	
Jany.	{ Highest	1/5	31/32	Not quoted	84	Not quoted	332½	172 0 0
	{ Lowest	1/5	31/32	„			332½	165 6 0
Feb'y.	{ Highest	1/5	31/32			332½	168 0 0	
	{ Lowest	1/5	31/32			332½	143 8 0	
March	{ Highest	1/5	31/32			332½	172 4 0	
	{ Lowest	1/5	31/32			332½	153 8 0	
April	{ Highest	1/5	31/32			332½	176 6 0	
	{ Lowest	1/5	31/32			332½	168 2 0	
May	{ Highest	1/5	31/32			332½	180 12 0	
	{ Lowest	1/5	31/32			332½	166 4 0	
June	{ Highest	1/5	31/32			332½	177 6 0	
	{ Lowest	1/5	31/32			332½	168 4 0	
July	{ Highest	1/5	31/32			332½	178 8 0	
	{ Lowest	1/5	31/32			332½	166 2 0	
Aug.	{ Highest	..	1/5 31/32			332½	177 8 0	
	{ Lowest	..	1/5 31/32			332½	173 14 0	
Sept.	{ Highest	1/5	31/32			332½	178 13 0	
	{ Lowest	1/5	31/32			332½	167 14 0	
Octr.	{ Highest	1/5	31/32			332½	179 11 0	
	{ Lowest	1/5	31/32			332½	172 6 0	
Nov.	{ Highest	1/5	31/32			332½	178 9 0	
	{ Lowest	1/5	31/32			332½	173 6 0	
Decr.	{ Highest	1/5	31/32			332½	182 0 0	
	{ Lowest	1/5	31/32			332½	174 10 0	

NOTE.—These figures were supplied by Messrs. Premchand Roychand & Sons, Exchange Brokers, Bombay.

TABLE No. 13

STATEMENT SHOWING THE QUANTITY OF YARN SPUN IN BOMBAY CITY AND ISLAND.

(In thousands of pounds.)

Descriptions.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.	Calendar Year 1940.	Calendar Year 1941.	Calendar Year 1942.	Calendar Year 1943.	Calendar Year 1944.	Calendar Year 1945.	Calendar Year 1946.	Calendar Year 1947.	Calendar Year 1948.
Noa. 1 to 10 ..	54,055	54,381	53,321	52,094	44,725	37,822	43,497	37,566	36,221	44,022	34,973	31,463	47,348	53,851	55,471	53,300	61,643	49,324	45,065	47,827
Noa. 11 to 20 ..	105,766	103,861	115,740	128,178	97,266	90,480	112,848	105,349	103,152	115,441	101,045	119,358	219,135	240,132	265,770	265,308	274,610	198,706	170,110	248,217
Noa. 21 to 30 ..	81,296	85,229	101,541	103,225	76,754	76,990	94,587	80,129	94,655	115,770	104,441	85,533	101,909	92,964	116,928	109,304	97,284	80,961	68,031	63,518
Noa. 31 to 40 ..	12,891	20,517	27,206	33,468	22,040	27,200	37,685	34,372	51,136	57,874	50,203	48,432	54,589	46,573	47,201	47,885	46,815	48,440	53,112	39,311
Above 40 ..	4,768	9,053	12,351	13,487	10,180	13,514	18,702	18,729	28,606	33,458	27,554	24,930	29,604	23,493	24,743	31,282	27,283	30,384	38,091	29,857
Wastes, etc. ..	967	576	745	655	796	1,148	803	533	504	827	1,189	1,041	1,741	1,745	1,522	1,706	2,034	1,879	1,309	404
Total ..	259,741	273,617	310,903	331,108	231,762	247,154	308,122	276,987	214,363	367,393	319,439	311,008	454,326	457,758	511,635	508,835	509,649	409,894	375,718	429,134

* Please see footnote to table 12 regarding strikes in Bombay Mills.

TABLE No. 14.

DETAILED STATEMENT OF THE QUANTITY AND DESCRIPTION OF WOVEN GOODS PRODUCED IN INDIAN MILLS.

GRAND TOTAL, INDIA (India and States).

(Figures in thousands.)

Description.	Calendar Year 1929.	Calendar Year 1930.	Calendar Year 1931.	Calendar Year 1932.	Calendar Year 1933.	Calendar Year 1934.	Calendar Year 1935.	Calendar Year 1936.	Calendar Year 1937.	Calendar Year 1938.	Calendar Year 1939.	Calendar Year 1940.	Calendar Year 1941.	Calendar Year 1942.	Calendar Year 1943.	Calendar Year 1944.	Calendar Year 1945.	Calendar Year 1946.	Calendar Year 1947.
GRAY AND BLEACHED PHACOGOODS																			
Chadders ..	65,342	57,500	54,530	59,000	54,161	56,115	57,848	67,794	66,126	71,898	76,242	59,633	58,908	37,002	41,626	51,157	38,334	39,452	27,523
Diapers ..	726,656	879,348	941,366	1,050,443	989,906	1,073,353	1,220,305	1,156,289	1,145,572	1,447,386	1,307,073	1,129,192	994,158	723,111	1,023,608	1,037,815	1,144,415	1,226,778	1,229,852
Drills and Jeans ..	96,330	80,327	100,230	115,224	105,346	117,120	123,197	135,477	150,657	140,396	123,947	38,931	234,578	212,308	202,691	227,813	195,418	177,936	173,785
Cambries and Lawns	3,132	17,236	37,574	68,582	70,925	112,652	122,317	115,633	131,543	170,394	181,433	240,183	289,818	223,546	243,171	265,123	183,403	136,854	108,078
Printers ..	18,731	19,294	21,764	16,008	13,403	18,922	19,136	12,300	23,221	18,083	15,690	17,246	14,528	20,580	26,031	26,318	41,990	27,181	26,536
Shirtings and Longcloth ..	531,417	605,130	799,607	787,789	714,640	827,316	855,047	856,409	1,162,810	1,061,792	1,038,227	450,843	1,077,295	1,034,516	1,340,736	1,069,937	1,208,846	1,010,751	890,573
T-cloth, Domestics and Sheetings	90,279	104,404	149,956	158,257	129,787	158,623	155,074	153,327	192,833	185,375	179,490	171,262	211,389	218,983	243,461	255,884	256,142	232,805	199,065
Tent Cloth ..	7,459	9,268	5,126	6,405	5,357	5,777	7,107	9,369	10,578	13,921	20,486	93,236	111,417	167,925	147,547	158,154	113,221	27,804	10,028
Khadi, Dungri or Kheddar	123,329	165,578	124,074	117,947	96,137	101,629	113,661	124,456	124,602	125,534	107,338	83,547	79,162	66,355	76,517	80,944	90,079	93,735	80,469
Other Sorts ..	41,990	39,587	49,532	59,103	62,771	75,962	79,357	90,561	119,788	130,827	139,205	165,155	267,376	263,456	280,528	257,691	255,977	284,357	243,991
Total	1,756,644	1,927,791	2,253,779	2,439,447	2,257,422	2,531,441	2,756,120	2,705,687	3,078,079	3,368,556	3,183,130	3,070,121	3,328,729	2,968,089	3,631,916	3,731,036	3,523,785	3,193,536	2,989,900
Coloured Phacogoods ..	600,744	566,315	646,708	763,775	686,002	734,366	738,014	801,711	872,078	936,552	932,865	1,022,039	1,201,949	1,056,637	1,117,581	1,118,957	1,187,863	581,354	819,839
Grey and Coloured Goods other than Phacogoods ..	1,155	913	783	911	900	920	1,174	1,198	1,575	1,409	1,667	1,748	3,183	1,761	1,816	2,160	2,494	1,046	818
Cotton Goods mixed With Silk or Wool ..	3,282	3,514	3,389	1,940	1,477	3,443	4,540	5,567	9,119	6,232	9,108	10,741	10,437	3,013	2,462	2,983	925	513	769
Grand Total exclusive of last two items	2,357,365	2,494,106	2,900,482	3,203,223	2,943,423	3,265,807	3,534,134	3,523,349	3,950,157	4,305,110	4,115,995	4,092,168	4,530,678	4,024,726	4,749,496	4,341,993	4,711,648	4,024,890	3,809,719

(Please see footnote to table 12 regarding strikes in Bombay Mills in 1939.)

TABLE No. 17.
IMPORTS OF COTTON YARN INTO BOMBAY.

(Quantities in thousands of pounds.)

Classifications of Yarn.	Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar		Calendar Calendar																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
	Year	1929	Year	1930	Year	1931	Year	1932	Year	1933	Year	1934	Year	1935	Year	1936	Year	1937	Year	1938	Year	1939	Year	1940	Year	1941	Year	1942	Year	1943	Year	1944	Year	1945	Year	1946	Year	1947	Year	1948																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
GREY SINGLES—																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																													
1s to 10s	..	102	10	..	1	8	39

TABLE No. 18.
STATEMENT SHOWING THE VARIOUS CLASSES OF PIECE-GOODS IMPORTED INTO INDIA.
(Quantities in thousands of yards.)

[illegible]

for an estimation with the basis that a 1 lb. H₂O salt tests is equal to 8 yards.

TABLE No. 19.
STATEMENT SHOWING THE VARIOUS CLASSES OF PIECEGOODS IMPORTED INTO BOMBAY.
(Quantities in thousands of yards.)

Description	Calendar Year				Calendar Year				Calendar Year				Calendar Year				Calendar Year			
	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948
WHITE, BLEACHED—PLAIN AND BORDERED.																				
Checks, Series, etc.	90	10,182	365	2,254	4,113	1,713	2,315	500	3	20	—	—	—	—	—	—	—	—	—	—
Drills and Jeans	6,464	2,115	1,034	832	553	419	41	22	—	—	—	—	—	—	—	—	—	—	—	—
Flannels	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Jeans and Mariopolams	20,002	9,933	9,950	11,540	9,958	9,940	10,333	2,460	2,748	—	—	—	—	—	—	—	—	—	—	—
Longcloth	144,076	71,631	41,208	66,340	48,989	63,908	79,143	51,540	4,072	70,253	63,527	56,325	16,351	171	—	—	—	—	—	—
Prints	22	6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sheetings	11,876	2,090	4,635	3,671	2,657	853	1,40	—	—	405	248	119.9	4,597	72	—	—	—	—	—	—
T-Cloth and Domestics	16	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Unspecified Sorts	1,308	423	980	792	795	690	705	204	303	233	277	256	178	45	—	—	—	—	—	—
Total	202,487	96,306	57,563	83,665	66,847	77,041	93,184	71,35	49,094	73,848	65,155	71,070	67,270	316	—	—	—	—	—	—
WHITE, BLEACHED—																				
Checks, Series, etc.	881	505	149	795	1,173	845	334	131	145	479	143	92	76	55	5	—	—	—	—	—
Drills and Jeans	16,854	2,785	1,02	1,02	2,443	2,443	1,431	1,431	432	465	571	37	48	192	—	—	—	—	—	—
Flannels	3,353	1,854	843	1,817	2,166	2,166	2,315	2,315	2,800	2,797	2,549	1,329	1,085	86	36	7	—	—	—	—
Jeans and Mariopolams	20	20	25	41	4	3	32	32	30	9	31	13	29	4	1	—	—	—	—	—
Longcloth and Shirting	2,824	2,530	2,652	6,160	4,139	6,28	4,264	4,264	4,334	2,691	2,272	1,49	1,574	542	36	9	18	—	—	—
Mulls	325	500	331	560	445	312	28	28	50	175	47	12	46	61	21	—	—	—	—	—
Nainsooks	25,344	18,888	12,352	25,095	21,074	21,785	15,746	19,954	20,220	19,119	17,279	13,222	17,229	1,354	22	25	26	—	—	—
Sheetings	39,407	20,120	14,205	22,784	22,349	13,949	18,302	19,954	23,250	15,486	7,346	1,851	6,625	153	20	114	32	—	—	—
T-Cloth and Domestics	12,056	8,629	3,782	6,617	5,248	1,402	1,360	2,066	2,79	571	26	9	24	33	20	1	—	—	—	—
Unspecified Sorts	46	31	33	9	6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	106,938	59,679	35,202	68,951	67,443	53,24	68,951	53,24	68,951	67,443	53,24	68,951	67,443	53,24	68,951	67,443	53,24	68,951	67,443	53,24
COLOURED, PRINTED OR DYED.																				
Checks, Series, etc.	20,506	11,601	4,489	10,722	11,568	14,561	13,29	12,429	8,141	5,174	4,394	2,551	1,201	581	332	142	47	305	1,000	3,121
Drills and Jeans	10,788	8,071	916	3,954	4,701	9,914	4,195	9,105	9,340	2,4	3,646	5,0	5,47	156	42	12	24	111	182	789
Flannels	34,995	13,494	7,96	23,081	22,277	16,752	14,364	14,364	14,364	1,43	12,054	139	71	4	31	107	157	39	132	132
Jeans and Mariopolams	3,786	1,079	996	4,021	1,686	1,774	2,411	2,411	2,411	1,43	1,099	139	71	4	31	107	157	39	132	132
Longcloth and Shirting	40,767	20,931	9,963	26,447	14,896	13,79	10,421	9,244	11,1	4,251	2,2	2,27	1,52	373	3	3	1	3	54	824
Mulls	16,775	7,621	983	3,352	7,90	1,243	8,15	9,105	9,105	1,43	4,994	2,513	553	189	11	66	11	16	3	3
Nainsooks	27,729	13,002	12,853	32,063	27,90	29,483	12,105	12,105	12,105	4,0	3,24	14,459	1,552	380	60	107	97	270	629	2,305
Sheetings	15,983	7,583	3,751	7,415	7,415	7,415	7,415	7,415	7,415	1,43	1,52	2,143	697	18	29	36	47	177	703	703
T-Cloth and Domestics	1,418	981	27	491	264	40	39	100	39	39	152	10	47	18	—	—	—	—	—	—
Unspecified Sorts	2,666	1,101	359	742	362	1,141	362	1,141	362	608	1,015	584	1,025	103	—	—	—	—	—	—
Total	190,679	98,196	47,811	130,982	110,457	130,982	110,457	130,982	110,457	130,982	110,457	130,982	110,457	130,982	110,457	130,982	110,457	130,982	110,457	130,982
Total of all Descriptions	33,126	12,880	2,928	24,551	21,385	30,286	44,951	63,204	37,272	17,891	18,765	19,875	21,944	3,267	3,392	1,132	1,856	5,117	18,176	6,984

* (See footnote to Table 18 regarding figures of Fents.)

TABLE No 20.
SUMMARY OF IMPORTS OF COTTON YARN INTO INDIA
(In thousands of pounds.)
(Calendar Year.)

Description of Yarn	United Kingdom			Japan			China (including Hongkong)			U.S. of America			Netherlands			Switzerland			Germany and Austria			Other Countries			Total		
	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948
Grey Singles ..	34	648	1,678			25	180	15	798	465			58									1			109	1,471	2,363
Coloured Singles ..	15	63	61							5															15	63	66
White Bleached ..	46	158	242					10	84	46			11												56	222	288
Grey Folded ..	..	..	31					87	73				109												87	215	
Coloured Folded ..	..	..	..																						..	..	..
Mercerised ..		2	1					42	84				16												..	44	101
Artificial Silk ..	1,587	1,499	3,165			236	187	38	416	170	113	48	34	11	390	84									4,845	12,551	25,415
Unspecified Descriptions ..	7	145	1,948			40	140	177	518							53									7	1,720	7,262
Rope ..	491	574	707					..	..	58															491	574	707
Sewing Thread ..	1,946	1,279	1,250				149	9	114	17									39						1,957	1,455	2,105
TOTAL ..	4,186	4,308	9,121			25	167	422	4,762	6,949	119	55	49	13	322	274			230						7,490	18,186	36,775

TABLE No. 21.
DETAILED IMPORTS OF COTTON YARN INTO INDIA.
(In thousands of pounds.)
(Calendar Year.)

Description of Yarn.	U.K. & Kingdom.		Japan.		China (including Hongkong)		U.S. of America.		Italy.	Switzerland.	Austria, Czechoslovakia, and Austria.	Other Countries.	TOTAL.	
	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947
SINGLE GREY:—														
1 to 10
11 to 20	..	3	60	..	..	38	..	90	142	..	..	..	..	118
21 to 30	514	89	..	..	..	..	281
31 to 40	108	151	..	..	..	..	514
41 to 50	..	8	58	..	..	16	..	15	29	..	..	..	..	89
51 to 60	..	15	38	..	..	8	..	29	34	..	..	..	..	161
Above 60	..	44	313	..	..	..	..	10	47	..	..	..	..	417
Single Coloured:—														
1 to 20	323
21 to 30	..	4	2	..	..	..	..	..	..	..	..	..	..	565
31 to 40	697
41 to 50	..	3	..	..	..	..	..	..	..	..	..	..	..	..
Above 50	..	8	61	..	..	..	..	..	..	..	..	..	..	..
White Bleached	..	46	158	..	..	..	..	..	..	..	..	..	..	..
Grey Folded
Coloured Folded
Mercurised
Artificial Silk	..	1,587	1,499	..	167	130	..	328	4,000	1,244	..	..	..	..
Unspun's rite	..	7	148	..	..	149	..	1,575	5,000	..	..	..	..	..
Rope	..	491	574	..	..	..	..	9	134	..	..	..	..	..
Sewing Thread	..	1,946	1,279	..	..	149	..	432	6,762	6,042	..	..	..	..
Total	6,166	4,368	9,121	..	187	579	432	6,762	2,019	1,244	..	..	13	18,168

TABLE No. 22.
SUMMARY OF IMPORTS OF COTTON YARN INTO BOMBAY.
(In thousands of pounds.)
(Calendar Year.)

Description of Yarn.	United Kingdom.			Japan.			* China (including Hongkong).			U. S. of America.			Italy.			Netherlands.			Switzerland.			Germany and Austria.			Other Countries.			Total.		
	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948			
Grey Singles	28	330	1,000	..	..	25	..	..	..	15	665	45	..	47	..	..	..	..	..	..	..	..	..	..	..	..	..	38	1,020	1,083
Coloured Singles	1	..	3	..	..	..	..	..	..	..	..	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	1	..	8
White Bleached	14	59	180	..	..	..	..	..	..	10	68	25	..	10	..	..	..	..	..	..	..	..	..	..	..	..	24	128	215	
Grey Folded	..	..	13	..	..	..	..	..	..	..	87	73	..	109	..	..	..	..	2	..	..	..	..	..	..	..	..	87	197	..
Coloured Folded	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Mercerised	..	2	8	..	..	..	..	..	..	..	42	95	..	16	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Artificial Silk	943	878	2,604	..	..	294	..	176	100	391	3,959	157	1,971	4,308	17,131	699	1,861	1,228	113	48	34	..	..	..	..	..	..	..	44	119
Unspecified	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	4 128	11,591	21,617
Rope	470	481	614	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sewing Thread	1,280	780	721	..	..	..	..	..	148	..	51	7	..	4	192	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Total	2,000	2,528	5,143	..	28	294	..	176	248	416	4,870	407	1,971	4,312	17,505	699	1,861	1,228	113	54	36	217	..	..	..	..	..	5,901	14,166	26,180

TABLE No. 23.

DETAILED IMPORTS OF COTTON YARN INTO BOMBAY.

(In thousands of pounds.)

(Calendar Year.)

Description of Yarn.	United Kingdom.		Japan.		China (including Hong Kong)		U. S. of America.		Italy.		Netherlands.		Switzerland.		Germany and Austria.		Other Countries.				Total.	
	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	
INGLE YARN :-																						
1 to 10	..	..	..	..	..	..	..	70	41	..	..	..	..	..	..	..	..	..	..	..	..
11 to 20	..	3	33	..	..	..	..	491	..	..	..	..	..	..	..	..	..	..	..	..	..
21 to 30	..	..	14	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
31 to 40	8	36	186	..	..	..	..	108	3	..	..	..	..	..	..	..	..	..	8	144	217
41 to 50	..	27	183	..	..	..	..	26	..	..	..	..	..	..	..	..	..	..	16	53	183
51 to 60	12	187	320	..	..	..	..	..	1	..	..	..	..	..	..	..	..	..	12	187	322
Above 60	2	77	282	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	2	77	282
SINGLE COLOURED :-																						
1 to 20	..	..	..	..	..	..	..	..	5	..	..	..	..	..	..	..	..	..	..	..	5
21 to 30	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
31 to 40	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
41 to 50	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Above 60	..	..	3	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	3
White, Bleached	14	59	180	..	..	..	..	10	35	..	..	..	..	..	..	..	..	..	24	125	216
Grey, Folded	..	..	13	..	..	..	..	87	73	..	..	..	..	..	..	..	..	..	..	87	197
Coloured, Folded	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unbleached	..	2	8	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Artificial Silk	943	873	2,804	..	..	..	..	51	3,939	157	1,971	4,308	17,131	699	1,961	1,226	..	..	11	266	71
Unspecified sorts	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Rope	..	470	481	614	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sewing Thread	1,239	780	721	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	2,680	2,525	5,143	..	25	294	..	416	4,670	407	1,971	4,312	17,505	699	1,961	1,226	..	..	13	54	36
									51	7		4	192						1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1,961	1,226			1	6	11	
									4,670	407	1,971	4,312	17,505	699	1							

TABLE No. 24.

DETAILED EXPORTS FROM INDIA OF INDIAN-MADE YARN BY SEA.

(In thousands of pounds.)

(Calendar Year.)

Description.	Burma.		European Countries		Pakistan		Egypt and North Africa.		Red Sea Ports.		East Africa.		Levant and Black Sea Ports.		Ceylon and Straits.		Persian Gulf.		South Africa.		Total. (All Countries.)	
	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946	1947, 1948.	1946.	1947, 1948.	1946	1947, 1948.	1946	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.
YARN:-																						
1 to 10	156	..	..	..	..	..	1.09	..	..	..	116	..	..	..	7	..	198	..	814	2,241
11 to 20	16	1,395	..	..	..	..	1,245	..	158	..	435	..	320	41	375	44	5	..	4,224	2,340
21 to 30	1	..	..	..	25	..	..	..	..	..	..	..	26	30
31 to 40	6	..	..	..	..	..	..	..	..	..	..	..	6	..
Above 40	35	..	81	..
TOTAL GRAY	..	22	1,481	..	..	..	..	..	1,361	..	158	..	574	..	868	41	382	44	238	..	8,823	100,460
COLOURED YARN:-																						
1 to 20	8	..	..	..	..	..	..	..	..	..	195	..	494	..
21 to 40	9	..	
Above 40	318	..	320	..
Total Coloured	8	..	..	..	..	..	..	..	..	..	514	..	763	..
White Bleached	1	1	..	..	129	1,000
Gray Doubles
Coloured Doubles
Unspecified Descriptions	21	..	..	..	..	..	..	..	..	..	..	..	..	2	..	..	..	..	..	3	786
Sewing Thread ..	1	4	11	..	..	..	6	1	36	79	24	13	111	..	..	..	24	8	24	..	91	103,437
GRAND TOTAL	1	4	54	1,451	..	..	6	1	1,405	79	182	13	111	574	..	370	41	407	53	752	1	6,811
																					296	6,734

NOTE :- "Egypt and North Africa" include Tripoli and Tunis.

"Red Sea Ports" include Anglo-Egyptian Sudan, Abyssinia, British Somaliland, French Somaliland, Somaliland Protectorate and Aden and Dependencies.

"East Africa" includes Italian East Africa, Somaliland and Eritrea, Kenya, Uganda, Tanganyika Territory, Portuguese East Africa, Zanzibar and Pemba and Seychelles.

"Levant and Black Sea Ports" include Palestine, Syria, Smyrna and Asiatic Turkey.

"Ceylon and Straits Settlements and beyond" include Labuan, Java, Siam, Indo-China, Federated Malay States, Maldives Islands, Fiji Islands, Sumatra, Dutch Borneo, Celebes, Philippines and Formosa.

"Persian Gulf" includes Iraq, Muskat Territory and Trucial Oman, other Native States in Arabia. Persia and Bahrain Islands.

"South Africa" includes Natal, Transvaal, Cape of Good Hope, Mauritius and Madagascar.

TABLE No. 25.
DETAILED EXPORTS OF INDIAN-MADE YARN BY SEA FROM BOMBAY.
(In thousands of pounds.)
(Calendar Year.)

	Burma		European Countries		Panistar		Egypt and North Africa		Red Sea Ports.		East Africa		Levant and Black Sea Ports		Ceylon and Straits		Persian Gulf		South Africa		Total (All Countries)	
	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947	1946	1947
GREY YARN :-																						
1 to 10*	..	..	..	156	..	1,474	..	..	106	..	..	..	116	..	..	..	7	..	196	..	586	1,474
11 to 20	..	..	16	1,295	..	446	..	..	1,245	..	156	..	425	..	10	..	37.5	43	5	..	5,526	43 462
21 to 30	..	..	3	..	..	14	..	..	1	..	..	25	..	..	..	..	..	..	..	26	17	
31 to 40	..	..	..	..	..	..	..	..	6	..	..	..	..	..	..	..	..	..	35	6	..	
Above 40	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL GREY	..	..	16	1,451	..	1,931	..	..	1,361	..	156	..	586	..	10	..	38.2	43	238	..	4,195	43 1,963
COLOURED YARN :-																						
1 to 20	..	..	..	..	..	..	..	..	8	..	..	..	..	..	..	..	..	..	196	..	434	..
21 to 40	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	9	..	
Above 40	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	250	..	250	..
TOTAL COLOURED	..	..	..	..	..	..	..	..	8	..	..	..	..	..	..	..	..	..	446	..	683	..
White Bleached	..	..	..	..	..	1,060	..	..	..	..	..	..	..	..	..	..	1	1	..	..	133	1 1,060
Grey Doubles	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Coloured Doubles	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified Descriptions	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Sewing Thread	1	4	11	..	..	213	6	2	36	79	24	14	110	..	..	..	24	10	15	..	91	109 369
GRAND TOTAL	1	4	30	1,451	..	3,207	6	2	1,405	79	182	14	110	586	10	..	407	54	684	..	5,112	183 3,369

See footnote to Table 24.

TABLE No. 26.
SUMMARY OF IMPORTS OF COTTON PIECEGOODS INTO INDIA.

(In thousands of yards.)
(Calendar Year.)

	United Kingdom			Japan			U. S. of America			Italy			Netherlands			Switzerland			Germany and Austria			Other Countries			Total		
	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948	1946	1947	1948
Grey Flax ..	107	45	..	..	..	..	..	121	105	..	..	11	..	..	..	..	..	..	..	..	..	..	..	107	69	173	
Grey Barbed ..	..	76	122	..	..	..	..	5	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	81	12	
White Bleached ..	2,889	2,716	10,866	..	..	..	153	3,608	1,118	8	21	45	28	261	400	194	496	1,030	..	..	..	738	147	3,272	6,840	13,706	
Printed ..	1,086	1,868	6,141	..	..	..	393	2,331	1,371	..	3	..	..	..	..	3	..	25	..	..	..	3,656	33	214	5,136	4,235	7,751
Dyed ..	1,643	2,642	7,305	..	..	..	418	3,823	2,135	204	322	74	20	11	38	27	57	186	..	..	..	671	4,421	192	2,983	11,276	9,944
Woven Coloured ..	419	792	1,883	..	..	..	210	513	687	90	15	21	..	1	..	3	8	21	..	..	..	1	4	53	723	1,343	2,716
Finest of all descriptions ..	3,831	1,920	1,360	..	..	..	3,622	24,344	20,104	..	..	..	..	..	16	17	18	104	..	..	..	..	..	7,490	26,280	21,544	
Towels in the piece ..	2	1	2	..	..	..	..	11	7	..	..	..	..	..	..	..	..	..	..	..	..	..	..	21	12	4	
Piecegoods of Cotton and Artificial Silk ..	4,250	3,466	963	..	..	..	2,816	21,329	3,231	6,135	4,714	189	32	80	18	618	615	42	..	..	..	639	1,588	373	14,390	12,790	4,500
Canvas ..	60	77	75	..	..	..	1	32	13	..	..	..	..	..	..	..	..	..	..	..	..	1	28	1	110	116	
Total ..	14,907	13,613	28,485	..	..	..	7,613	59,018	28,921	6,437	5,086	329	90	353	477	662	1,192	1,408	..	..	..	4,867	6,783	1,049	34,196	33,035	3,664

Source: Textile Statistics, Table 18 regarding imports to India.

TABLE No. 27
DETAILED IMPORTS OF COTTON PIECEGOODS INTO INDIA.
(In thousands of yards.)
(Calendar Year.)

	United Kingdom			Japan			USA			Italy			Netherlands			Switzerland			Germany and Austria			All other Countries			Total		
	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.			
GRAY UNBLEACHED																											
PLAIN GRAY.																											
Chadars			1																					3	1		
Dhotis, Saris & Scarves																											
Drills & Jeans																											
Flannel & Flannelettes																											
Jaconets including Madras																											
Longcloths, etc.																											
Printers	1	1	2																								
Sheetings	41	14	48																								
T-cloth & Domestic																											
Unspecified Descriptions	65	30	17				9		105			11															
Total Plain Gray	107	45	68				12		105			11															
BORDERED GRAY.																											
Chadars																											
Dhotis, Saris & Scarves			102																								
Drills & Jeans																											
Flannel & Flannelettes																											
Jaconets, etc.																											
Longcloth & Shirtings			20				5																				
Printers																											
Sheetings																											
T-cloth & Domestic																											
Unspecified Descriptions																											
Total Bordered Gray	76	122					5																				
Total Gray Unbleached	107	121	190				17		105			11															
WHITE BLEACHED.																											
Checks, Spots & Stripes	202	120	244				2	41	7																		
Dhotis, Saris & Scarves		4	13																								
Drills & Jeans	190	308	419				2	118	11																		
Embroidered All-overs		9	26																								
Flannel & Flannelettes	2	2	13																								
Jaconets, Madapolams, etc.	687	767	5,192				35	993	174																		
Lawns	11	25	392				11	26	9																		
Longcloth & Shirtings	392	334	1,405				12	74	75																		
Mulls	709	575	2,175																								
Mainbocks		12	21																								
Sheetings	14	1	28				36	75	2																		
T-cloth & Domestic							9	44	25																		
Unspecified Descriptions	168	119	412				46	1,793	768																		
Total White Bleached	2,889	2,716	10,866				153	2,868	1,218			2	28	251	400		184	496	1,030				734	8			

TABLE No. 30.

EXPORTS OF COTTON PIECEGOODS OF INDIAN MANUFACTURE FROM INDIA.
(In thousands of yards.)
(Calendar Year.)

Description.	Burma.		European Countries, (including U. K.)		Pakis- tan.		China.		Egypt and North Africa.		Red Sea Ports.		East Africa.		Levant and Black Sea Ports.		Ceylon and Straits.		Persian Gulf.		South Africa.		Total. (All Countries.)						
	1946.	1947, 1948	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.	1946.	1947, 1948.					
GREY (UNBLEACHED):—																													
Chaddars and Dhutis ..	239	187	169	..	..	..	1,498	120	..	..	..	307	144	1	128	34	202	297	438	153	72	2	..	..	1,224	1,119	2,023		
Drills and Jeans ..	490	183	240	226	34	..	1,089	109	130	7	..	2,484	987	882	5,818	4,181	2,784	595	123	60	312	824	5	1,831	424	234	15,665	9,157	6,642
T-cloths and Domestic ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings ..	759	711	1,340	100	14	10	9,840	928	320	..	..	5,119	4,539	734	843	1,845	919	1,297	2,100	947	2,598	1,579	642	5,513	1,280	512	25,846	16,852	18,075
Other Sorts ..	2,644	1,552	1,903	1,740	701	251	18,553	857	688	14	..	34,317	16,932	8,646	13,303	9,524	6,646	3,751	4,117	1,246	14,822	8,417	1,278	5,769	1,833	1,549	104,184	57,281	52,359
TOTAL GREY	4,132	2,639	3,352	2,066	829	261	31,000	2,014	1,138	21	..	42,227	22,532	10,817	20,092	14,995	10,581	5,540	6,888	2,408	17,799	10,822	1,825	13,150	3,537	2,295	146,939	84,409	79,099
WHITE (BLEACHED):—																													
Chaddars and Dhutis ..	38	115	148	..	..	..	937	..	..	..	..	322	177	279	8	42	69	..	..	..	2	..	6	79	10	6	735	1,849	5,452
Drills and Jeans ..	537	107	52	..	55	..	2,751	314	55	25	..	1,111	265	371	627	374	130	60	..	..	877	423	112	500	417	33	5,430	2,453	3,913
T-cloths and Domestic ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings ..	1,309	1,296	2,310	92	243	10	14,912	565	573	96	..	2,669	1,702	336	1,325	1,351	317	1,927	1,408	931	4,232	2,352	959	1,179	1,008	104	23,226	16,511	23,055
Other Sorts ..	460	559	388	259	260	11	21,118	603	81	..	..	1,349	1,052	79	911	888	708	1,835	1,180	557	1,776	2,301	808	923	569	273	15,641	12,495	30,698
TOTAL WHITE	2,344	2,087	2,907	331	558	21	39,718	1,503	709	121	..	5,451	3,196	1,664	2,961	2,925	1,221	1,015	194	15	6,887	5,076	1,885	2,680	2,014	421	45,032	33,308	63,118
COLOURED, PRINTED OR DYED:—																													
Lunds and Saries ..	3,434	5,417	8,852	56	..	..	24,101	..	..	..	..	1,144	257	403	740	868	358	477	..	..	87	4	26	782	157	184	20,285	20,826	39,516
Drills and Jeans ..	531	603	1,242	..	..	..	3,123	366	14	64	2	1,971	1,442	605	2,430	1,551	2,305	341	225	454	4,717	2,577	433	895	453	207	16,167	10,176	12,301
Other Sorts ..	5,998	4,764	5,102	667	3,425	..	44,745	1,848	676	453	..	9,215	4,781	2,617	13,552	14,227	12,346	1,916	647	20	11,302	16,967	7,124	7,166	5,148	1,204	12,567	86,910	94,091
TOTAL COLOURED, PRINTED OR DYED	9,953	10,784	13,099	724	3,425	..	71,954	2,214	640	462	..	12,431	5,480	3,425	16,216	746	15,020	9,255	478	46	28,351	20,775	7,385	8,840	5,755	1,699	130,017	117,912	165,898

See footnote to Table 24.

TABLE No. 31.
EXPORTS OF COTTON PIECEGOODS OF INDIAN MANUFACTURE FROM BOMBAY.
(In thousands of yards.)
(Calendar Year.)

	Burma.		European Countries, (including U. K.)		Pakistan.		China.		Egypt and North Africa.		Red Sea Ports.		East Africa.		Levant and Black Sea Ports.		Ceylon and Straits.		Persian Gulf.		South Africa.		Total. (All Countries.)								
	1946.	1947.	1948.	1947.	1948.	1948.	1946	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.							
Grey (Unbleached):—																															
Chaddars and Dhutis ..	237	177	169	..	..	1,498	..	..	..	..	307	144	1	128	348	202	24	..	197	128	108	72	2	..	1,141	799	1,975			
Drills and Jeans ..	484	159	240	31	34	1,069	36	52	7	..	2,484	982	886	8,807	4,181	2,764	186	..	464	87	276	378	824	5	368	59	10	13,931	8,478	6,188	
T-Cloths and Domestic ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings ..	759	634	1,259	100	14	8,489	28	227	..	..	5,119	4,515	784	865	1,964	919	469	18	1,106	1,935	944	2,367	1,521	64	700	132	43	20,305	15,306	15,428
Other Sorts ..	2,544	1,442	1,603	1,740	781	13,306	134	614	15	..	34,317	16,887	8,646	13,180	8,519	6,696	3,009	92	3,042	3,930	1,064	14,688	8,161	1,278	3,172	548	232	100,331	53,299	43,706	
Total Grey ..	4,024	2,412	3,271	1,871	829	24,382	198	883	22	..	42,227	22,528	10,317	19,980	15,012	10,801	3,688	92	4,811	6,080	2,163	17,465	10,508	1,925	4,415	739	286	135,546	77,883	67,297	
White (Bleached):—																															
Chaddars and Dhutis ..	30	81	88	..	..	612	..	..	..	..	322	177	279	8	42	67	..	..	89	56	364	3	..	6	87	8	6	519	264	1,422
Drills and Jeans ..	516	74	31	..	..	1,501	..	2	25	..	1,111	266	371	627	367	134	60	..	445	193	66	871	336	94	310	308	4	5,015	2,009	2,870
T-Cloths and Domestic ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Shirtings ..	1,302	1,319	2,319	91	243	14,418	159	458	96	..	2,669	1,690	396	1,306	1,625	298	510	26	1,887	1,877	878	4,289	2,352	944	1,179	867	109	25,094	18,167	22,064	
Other Sorts ..	435	545	388	239	260	16,887	1	58	..	..	1,154	1,063	678	901	868	715	302	10	1,044	1,045	473	1,792	2,257	719	861	426	128	14,317	11,762	25,569
Total White ..	2,283	2,019	2,828	330	503	33,418	160	519	121	..	5,256	3,196	1,664	2,942	2,902	1,200	872	36	3,415	3,171	1,781	6,864	4,947	1,763	2,628	1,609	247	42,955	30,802	51,425	
Coloured, Printed or Dyed:—																															
Lungis and Saris ..	34	17	47	..	..	769	..	..	..	..	1,224	97	88	695	912	358	..	..	470	674	514	83	1	28	484	182	74	3,069	1,848	2,191
Drills and Jeans ..	513	476	991	..	..	1,529	6	..	9	..	1,971	742	605	2,430	1,593	2,395	1,415	11	246	131	276	4,717	2,451	40	474	401	36	15,363	9,363	10,136
Other Sorts ..	2,399	4,210	4,215	667	3,425	18,623	15	196	349	..	8,993	4,753	2,502	13,251	14,188	12,168	1,802	20	3,929	4,608	1,596	23,152	17,564	6,935	6,392	5,029	972	86,201	68,070	53,145	
Total Coloured, Printed or Dyed ..	2,946	4,703	5,253	667	3,425	20,921	21	196	856	..	12,208	5,932	3,195	16,376	16,688	14,829	2,717	432	35	4,645	5,413	2,380	27,953	20,016	7,361	7,350	5,562	1,032	104,333	79,283	65,472

See footnote to Table 34.

TABLE No. 32.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM INDIA.

	YARN (In thousand pounds).										PIECEGOODS (In thousand yards).									
	Twist & Yarn.		Rope.		Sewing Thread.		Total.		Grey.		White.		Coloured, etc.		Fens.		Total.		1946.	1947.
	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.
Burma	618	..	..	..	..	..	..	..	618	..	..
European Countries	1,478	..	..	..	..	..	..	..	1,481	..	..
Pakistan	558	..	..	..	..	..	..	..	558	..	..
Egypt & North Africa
Red Sea Ports	1,122	..	..	..	..	..	..	..	1,122	..	..
East Africa	997	..	..	..	..	..	..	..	1,049	..	..
Levant & Black Sea Ports
Ceylon & Straits	220	..	..	..	..	..	220	..	..	900	..	..	..	..	..	..	..	900	..	..
Persian Gulf	1,972	..	..	..	..	..	..	..	1,972	..	..
South Africa
Total (All Countries) ..	220	..	..	..	..	..	220	..	..	11,690	..	..	..	..	..	..	..	11,748	..	..

TABLE No. 33.
RE-EXPORTS OF FOREIGN MANUFACTURED PIECEGOODS AND YARN FROM BOMBAY.

	YARN (In thousand pounds).										PIECEGOODS (In thousand yards).									
	Twist & Yarn.		Rope.		Sewing Thread.		Total.		Grey.		White.		Coloured, etc.		Fens.		Total.		1946.	1947.
	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.	1948.	1946.	1947.
Burma	618	..	..	..	..	..	..	..	618	..	..
European Countries	1,478	..	..	..	..	..	..	..	1,481	..	..
Pakistan	558	..	..	..	..	..	..	..	558	..	..
Egypt and North Africa
Red Sea Ports	1,122	..	..	..	..	..	..	..	1,122	..	..
East Africa	997	..	..	..	..	..	..	..	1,049	..	..
Levant and Black Sea Ports
Ceylon and Straits	900	..	..	..	..	..	..	..	900	..	..
Persian Gulf	1,972	..	..	..	..	..	..	..	1,972	..	..
South Africa
Total (All Countries)	11,690	..	..	..	..	..	..	..	11,748	..	..

TABLE No. 34.
TABLE SHOWING THE APPROXIMATE YARDAGE OF PIECEGOODS AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of yards.)

	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.	'37-38.	'38-39.	'39-40.	'40-41.	'41-42.	'42-43.	'43-44.	'44-45.	'45-46.	'46-47.	'47-48.
Total Indian Mill Production ..	2,419	2,561	2,990	3,170	2,945	3,397	3,571	3,572	4,084	4,269	4,012	4,269	4,494	4,104	4,871	4,736	4,676	3,890	3,770
Less—Exports by Sea ..	133	98	105	66	56	58	71	102	147	90	111	258	772	818	461	423	441	318	192
Exports by Land ..	86*	90	103	103	113	99	120	121	128	115	111	132	125	123	74	63	39	51	33
Balance ..	2,200	2,373	2,782	3,001	2,776	3,240	3,380	3,349	3,809	4,064	3,790	3,859	3,597	3,166	4,336	4,240	4,196	3,521	3,545
Imports ..	1,919	890	776	1,225	796	943	995	832	622	672	600	472	199	16	5	3	16	27	27
Total ..	3,119	3,263	3,558	4,226	3,572	4,183	4,375	4,181	4,431	4,736	4,390	4,331	3,796	3,182	4,341	4,245	4,199	3,537	3,572
Less—Exports by Sea ..	22	17	16	22	25	11	10	11	10	13	16	43	85	16	1	..	..	..	..
Exports by Land ..	89	64	75	70	74	76	86	109	88	103	99	83	80	80	..	..	..	..	..
Total quantity of mill-made Piecegoods available for consumption in India ..	4,008	3,182	3,467	4,134	3,473	4,096	4,278	4,061	4,333	4,620	4,275	4,203	3,631	3,086	4,340	4,244	4,199	3,537	3,572

Notes :—With effect from 1st April 1925, the Government of India discontinued the publication of "Accounts relating to the trade by land of British India with other countries." Since then, the statistics in question are published in Special Supplements to the *Indian Trade Journal* in an abbreviated form. The revised form does not affect the above table materially but in Table 35 it has not been possible to separate the land export figures for Indian and foreign yarn. This, however, does not affect the approximate accuracy of the figure showing the balance of yarn available for consumption in India.

† Maunds converted into lbs. and lbs. converted into yds. : 1 Maund = 82½ lbs. ; 1 lb. = 4.27 yds.

TABLE No. 35.
TABLE SHOWING THE APPROXIMATE POUNDAGE OF YARN AVAILABLE FOR CONSUMPTION IN INDIA.
(In millions of lbs.)

	'29-30.	'30-31.	'31-32.	'32-33.	'33-34.	'34-35.	'35-36.	'36-37.	'37-38.	'38-39.	'39-40.	'40-41.	'41-42.	'42-43.	'43-44.	'44-45.	'45-46.	'46-47.	'47-48.
Total Indian Mill Production ..	833	867	906	1,016	921	1,001	1,058	1,054	1,159	1,303	1,234	1,349	1,577	1,534	1,680	1,651	1,615	1,338	1,330
Less—Exports by Sea ..	25	23	22	15	16	13	10	12	31	26	22	33	91	34	19	17	14	4	..
Exports by Land ..	6*	7*	6*	6*	8*	7*	8*	7*	5*	5*	5*	4	5	5	5	4	1	2	1
Balance ..	802	837	938	995	897	981	1,040	1,035	1,123	1,270	1,207	1,312	1,481	1,495	1,656	1,630	1,600	1,332	1,329
Imports ..	44	29	32	45	32	34	45	29	22	36	41	19	8	1	1	..	..	..	9
Total ..	846	866	970	1,040	929	1,015	1,085	1,064	1,145	1,306	1,248	1,331	1,489	1,496	1,657	1,630	1,600	1,332	1,338
Less—Exports by Sea ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Exports by Land ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Quantity of Yarn available for consumption in India ..	846	866	970	1,040	929	1,015	1,085	1,064	1,145	1,305	1,248	1,330	1,489	1,496	1,657	1,630	1,600	1,332	1,338
Cloth produced in India in millions of pounds ..	562	590	672	695	646	736	761	782	864	920	878	981	1,093	1,062	1,193	1,200	1,175	947	899
Approximate equivalent in Yarn (taking 100 lbs. of Yarn = 112 lbs. of piecegoods) ..	502	527	600	621	577	657	679	698	771	821	784	879	976	948	1,065	1,070	1,049	846	803
Real balance of Yarn available for extra factory consumption in India ..	344	339	370	419	352	358	406	366	374	484	464	451	513	548	592	560	551	486	535

* Includes re-exports also.

† Maunds converted into lbs. at the rate of 82½ lbs. = 1 Maund.

See footnote to Table 12 regarding strikes in Bombay mills.

TABLE No. 36.

PROGRESS OF JAPANESE COTTON MILLS DURING THE LAST 21 YEARS.

(The information is extracted from the half-yearly statistics published by the Japan Cotton Spinners' Association.)

Term.	No. of Companies.	Capital.		Reserve Funds	No. of Mills.	Spindles.		Mule.	Doubling Spindles.	Looms.
		Authorised.	Paid up.			Ring.				
		Yen.	Yen.	Yen.						
Half-year ending										
June, 1925	65*	552,902,500	426,376,017	243,987,627	258	6,230,512		41,674	792,138	79,777
December, 1925	72*	552,196,250	419,792,127	249,978,831	259	6,425,500		41,674	809,452	81,209
June, 1926	73*	558,098,852	438,098,852	257,406,626	259	6,487,780		41,674	807,100	78,870
December, 1926	73*	560,846,250	439,415,222	259,766,504	258	6,795,502		41,014	808,324	77,898
June, 1927	73*	567,596,250	433,048,087	258,259,496	262	7,047,832		41,464	801,184	77,860
December, 1927	74*	561,989,750	425,348,487	252,094,974	263	7,171,627		42,474	803,094	79,466
June, 1928	74*	560,564,750	421,327,167	243,860,512	262	7,269,120		42,474	810,294	79,173
December, 1928	73*	537,964,750	398,855,292	240,828,488	263	7,498,152		36,994	801,594	77,782
June, 1929	71*	540,114,750	397,903,277	242,704,877	265	7,762,448		35,320	798,420	77,528
December, 1929	71*	540,261,100	397,674,627	245,939,643	265	7,929,530		35,320	810,492	79,377
June, 1930	71*	543,761,100	403,898,752	249,828,487	267	8,173,994		35,320	833,016	81,553
December, 1930	69*	555,282,600	413,338,448	251,998,722	268	8,608,608		35,320	842,808	86,343
June, 1931	70*	567,228,600	438,573,910	273,315,614	275	9,090,344		35,320	849,870	89,766
December, 1931	73*	605,802,600	455,985,565	279,359,895	276	9,495,264		35,320	868,440	91,146
June, 1932	74*	608,202,600	458,955,945	282,588,896	281	10,813,728		35,320	906,844	93,360
December, 1932	76*	621,377,600	467,690,433	285,684,455	285	10,970,128		19,780	912,912	95,982
June, 1933	74*	678,977,600	483,967,095	292,389,043	282	12,131,488		7,920	988,657	98,080
December, 1933	74*	702,477,600	524,138,071	298,16,323	283	12,182,896		7,920	1,170,304	100,543
June, 1934	83*	782,277,600	595,886,485	309,827,724	291	12,559,376		7,920	1,283,286	104,666
December, 1934	84*	799,657,600	617,934,150	316,465,524	296	12,766,980		9,240	1,371,288	108,074
June, 1935	83*	872,282,600	642,802,863	327,318,824	294	11,710,017		5,940	1,435,052	114,332
December, 1935	79*	885,332,600	656,264,150	333,903,290	246	11,596,973		5,940	1,484,552	114,090
June, 1936	79*	900,732,600	659,914,150	343,033,590	248	11,601,810		5,940	1,554,752	104,153
December, 1936	79*	902,182,600	674,720,563	401,964,394	254	11,621,488		5,280	1,620,238	104,051
June, 1937	59*	866,022,050	682,176,130	420,957,043	256	11,693,541		5,280	1,625,072	104,379
December, 1937	59*	949,052,050	735,204,175	436,600,869	253	11,389,448		5,280	1,623,530	114,005
June, 1938	59*					11,370,336			1,584,346	106,274
December, 1938									1,584,236	106,392
June, 1939										
December, 1939										
June, 1940										
December, 1940										
June, 1941										
December, 1941										
June, 1942										
December, 1942										
June, 1943										
December, 1943										
June, 1944										
December, 1944										
June, 1945										
December, 1945										
June, 1946										
December, 1946										
June, 1947										
December, 1947										
June, 1948										
December, 1948										
	13				97†	2,848,120		5,940	455,540	34,365
	13*				96†	2,906,984		5,940	463,688	37,225
	16				96†	3,237,728		3,940	481,614	39,385
	19				101†	3,435,096		3,940	519,434	42,592

Figures not available.

Figures not available.

Figures not available.

Figures not available.

* Including non-members of the Japan Cotton Spinners' Association

† Including two hired mills.

TABLE NO. 37.
JAPAN'S COTTON CONSUMPTION.
(Figures extracted from the half-yearly publication of the Japan Cotton Spinners' Association.)

Years.	Indian.		American.		Chinese.		Egyptian and African.		Annam and Saigon.		Korean.		Sundries.		Total.	
	lbs.		lbs.		lbs.		lbs.		lbs.		lbs.		lbs.		lbs.	
1919	..	376,648,588	..	355,589,221	..	130,970,193	..	15,588,908	..	2,265,292	..	11,454,470	..	5,037,182	..	897,553,824
1920	..	482,881,416	..	310,370,393	..	30,684,616	..	11,558,208	..	2,041,258	..	9,412,820	..	5,367,604	..	852,316,315
1921	..	521,998,441	..	304,763,617	..	3,037,340	..	14,600,500	..	3,923,158	..	8,744,408	..	3,479,358	..	860,546,824
1922	..	615,242,183	..	389,759,225	..	3,626,017	..	19,652,842	..	5,563,967	..	8,354,600	..	5,680,941	..	1,047,879,775
1923	..	652,798,508	..	296,423,592	..	25,836,858	..	22,140,542	..	2,519,492	..	12,054,233	..	7,929,408	..	1,019,702,633
1924	..	563,969,233	..	282,197,025	..	58,888,450	..	36,176,192	..	1,461,775	..	20,443,692	..	5,877,333	..	969,013,700
1925	..	637,749,440	..	378,526,322	..	47,050,425	..	34,567,864	..	2,712,025	..	18,994,691	..	9,742,440	..	1,129,343,210
1926	..	664,655,716	..	486,464,350	..	19,956,425	..	43,557,383	..	1,011,383	..	12,512,942	..	8,763,400	..	1,236,921,599
1927	..	551,571,275	..	562,091,700	..	15,841,558	..	39,414,575	..	2,958,633	..	9,768,591	..	7,474,050	..	1,189,120,382
1928	..	510,871,795	..	511,694,394	..	60,928,568	..	36,900,193	..	1,663,337	..	11,052,982	..	7,069,534	..	1,140,180,803
1929	..	643,388,869	..	565,561,191	..	29,004,654	..	42,942,636	..	572,363	..	14,876,498	..	7,260,005	..	1,303,606,216
1930	..	627,594,598	..	468,778,932	..	11,443,473	..	34,718,189	..	1,931,984	..	20,269,592	..	6,330,650	..	1,171,067,418
1931	..	580,912,185	..	562,947,021	..	2,600,976	..	34,950,377	..	1,218,158	..	14,086,629	..	4,837,025	..	1,201,552,371
1932	..	331,599,316	..	908,859,160	..	2,029,745	..	37,576,519	..	482,167	..	5,054,240	..	7,185,856	..	1,292,787,003
1933	..	461,207,207	..	870,256,491	..	7,857,146	..	51,725,839	..	575,257	..	16,659,397	..	10,823,516	..	1,419,104,853
1934	..	608,343,495	..	856,692,099	..	11,402,307	..	71,522,108	..	1,286,479	..	16,101,950	..	31,506,901	..	1,596,856,339
1935	..	672,895,959	..	838,550,421	..	4,362,554	..	76,672,190	..	288,537	..	22,164,430	..	40,612,537	..	1,655,544,628
1936	..	728,982,817	..	694,618,808	..	21,289,342	..	101,600,534	..	337,233	..	30,890,117	..	111,657,816	..	1,689,376,667
1937	..	810,996,633	..	698,501,983	..	33,305,867	..	122,630,267	..	94,800	..	15,066,308	..	165,469,992	..	1,846,065,850
1938	..	473,815,698	..	480,429,326	..	144,104,727	..	72,431,137	..	Nil.	..	7,973,909	..	140,796,600	..	1,318,561,397
1939	..	429,431,335	..	370,468,143	..	88,588,971	..	111,635,162	..	Nil.	..	11,560,281	..	205,543,581	..	1,217,227,473
1940	..	325,603,306	..	396,825,776	..	80,187,614	..	69,737,844	..	100,558	..	23,379,739	..	163,840,403	..	1,049,675,240
1941	..	276,379,561	..	78,221,118	..	114,363,197	..	36,107,950	..	2,021	..	12,447,682	..	243,266,875	..	760,788,404
1942	364,952,000
1943	220,780,000
1944	119,833,000
1945	48,678,000
1946	144,393,512
1947	..	3,065,648	..	301,149,596	..	74,463	..	6,269,881	..	Nil.	..	Nil.	..	1,014,504	..	311,574,072
1948	..	86,718,152	..	219,774,703	..	63,897	..	9,943,850	..	Nil.	..	Nil.	..	150,764	..	316,551,366

Figures not available.

TABLE No. 39.
JAPAN'S CLOTH PRODUCTION.

Year.						Average Working looms.*	Production of cotton piece- goods.*	Yarn consumed.*
							Yards.	lbs.
1919	..	..	..	..	..	40,909	739,390,012	179,788,560
1920	..	..	..	..	..	44,635	762,037,360	189,651,320
1921	..	..	..	..	..	44,109	700,697,985	179,427,501
1922	..	..	..	..	..	51,033	869,327,652	214,327,505
1923	..	..	..	..	..	52,972	1,009,708,890	240,979,975
1924	..	..	..	..	..	56,351	1,030,905,658	241,319,095
1925	..	..	..	..	..	62,976	1,179,524,733	274,472,668
1926	..	..	..	..	..	65,699	1,277,726,954	294,334,545
1927	..	..	..	..	..	66,733	1,294,668,822	293,166,913
1928	..	..	..	..	..	70,606	1,382,034,413	303,008,225
1929	..	..	..	..	..	67,070	1,538,249,015	336,276,152
1930	..	..	..	..	..	62,767	1,388,423,325	296,592,495
1931	..	..	..	..	..	64,392	1,404,668,382	301,231,848
1932	..	..	..	..	..	68,028	1,532,850,514	325,907,059
1933	..	..	..	..	..	73,966	1,673,880,702	362,300,980
1934	..	..	..	..	..	79,606	1,793,845,440	384,958,215
1935	..	..	..	..	..	82,397	1,843,470,714	392,640,350
1936	..	..	..	..	..	85,974	1,802,400,624	384,296,367
1937	..	..	..	..	..	90,197	1,890,554,335	406,988,842
1938	..	..	..	..	..	73,277	1,461,649,275	317,181,564
1939	..	..	..	..	..	80,235	1,585,317,392	342,361,331
1940	..	..	..	..	..	73,964	1,309,786,788	287,775,239
1941	..	..	..	..	..	55,812	877,761,354	210,109,106
1942	..	..	..	..	..	}	Figures not available.	
1943	..	..	..	..	..
1944	..	..	..	..	..
1945	..	..	..	..	..	5,138	....	....
1946	..	..	..	..	..	12,090	141,044,750	....
1947	..	..	..	..	..	23,420	337,872,398	83,972,170
1948	..	..	..	..	..	30,050	418,243,658	96,864,096

*Sub-work by spinners only. (Excludes by the independent weavers.)

Sub-work by spinners means that the table in question was prepared from the reports of the weaving companies which are affiliated to the Japan Cotton Spinners' Association.

TABLE NO. 40.
STATISTICS.

STATEMENT of Imports of Piecegoods of British Manufacture (Grey, Bleached, Coloured and Printed) and of Yarns (Grey and Dyed) from Great Britain into Bombay, Calcutta and Madras, from the years 1876 to 1948, both inclusive.

YEAR.	PIECEGOODS.			YARNS.		
	Bombay.	Calcutta.	Madras.	Bombay.	Calcutta.	Madras
	Sq. Yards.	Sq. Yards.	Sq. Yards.	Lbs.	Lbs.	Lbs.
1876...	356,940,508	733,913,330	64,875,423	8,246,211	12,090,167	9,664,609
1877...	354,779,192	885,688,850	39,106,318	10,624,710	14,364,841	8,683,595
1878...	344,068,807	749,273,431	47,038,579	7,754,005	13,967,396	8,373,916
1879...	343,811,233	788,769,260	61,375,691	7,469,113	10,580,436	9,581,363
1880...	531,050,559	1,007,531,497	77,010,037	13,024,923	16,446,089	12,108,002
1881...	544,890,697	947,329,460	82,461,852	12,326,706	13,597,371	11,099,762
1882...	500,248,293	883,611,784	106,615,818	12,010,123	14,780,667	13,069,871
1883...	572,738,196	878,949,353	107,868,579	16,220,463	13,478,764	11,033,824
1884...	568,220,318	908,294,475	120,841,003	14,299,380	15,313,840	13,114,875
1885...	547,773,459	911,987,148	93,757,204	14,132,372	13,473,067	99,597,197
1886...	700,061,881	1,159,407,988	143,318,736	17,087,709	14,177,149	13,937,810
1887...	585,502,258	988,370,500	117,502,619	14,990,151	14,040,137	13,432,638
1888...	652,344,548	1,045,961,384	138,271,060	16,595,176	14,778,545	14,570,258
1889...	634,008,171	1,031,000,980	144,140,943	13,011,348	11,836,681	13,393,848
1890...	665,650,786	1,037,911,379	115,224,797	15,805,515	12,455,601	13,284,690
1891...	572,065,309	961,686,226	108,083,576	15,526,869	12,484,617	14,606,189
1892...	548,944,867	1,013,742,658	93,892,712	12,427,053	10,168,327	10,390,439
1893...	604,430,138	1,009,441,511	106,086,291	10,466,233	13,124,097	11,387,889
1894...	719,324,449	1,161,138,343	140,749,235	11,723,808	10,529,734	12,547,763
1895...	484,780,987	926,203,136	99,427,366	10,857,586	10,689,066	10,188,466
1896...	574,410,316	1,163,967,702	86,265,292	11,649,977	13,403,663	15,402,931
1897...	472,597,133	932,328,974	121,366,515	11,788,246	13,299,211	13,650,022
1898...	557,59,951	1,202,254,978	91,950,978	10,238,969	11,412,068	11,673,878
1899...	611,556,220	1,266,926,546	93,492,746	10,441,484	10,729,842	11,532,813
1900...	461,938,302	1,086,463,274	120,383,837	5,892,081	9,435,371	9,496,085
1901...	629,976,200	1,127,763,500	129,392,500	7,911,750	11,050,890	9,564,200
1902...	475,541,800	1,176,061,500	119,878,000	6,299,820	7,411,640	9,438,560
1903...	520,873,400	1,119,542,300	129,898,800	5,300,460	6,442,050	6,699,580
1904...	593,591,100	1,193,265,900	145,618,800	6,221,400	6,613,460	8,056,710
1905...	637,039,600	1,292,516,900	119,829,700	11,368,420	11,443,550	10,175,810
1906...	611,705,100	1,189,552,900	142,636,200	10,548,720	10,800,210	10,260,270
1907...	646,598,400	1,298,602,500	131,107,800	10,419,750	9,921,670	7,601,280
1908...	470,956,400	1,005,027,600	209,636,400	10,894,540	9,019,320	10,432,380
1909...	481,389,100	1,180,586,000	108,497,400	16,251,580	8,448,010	6,169,190
1910...	624,859,600	1,129,898,000	109,976,800	8,410,140	6,384,450	6,891,410
1911...	622,516,400	1,226,065,400	138,414,300	12,842,440	9,170,460	8,364,340
1912...	658,026,700	1,451,819,200	173,698,700	13,298,110	11,913,170	10,745,130
1913...	804,333,100	1,547,872,400	210,797,700	13,628,700	7,519,860	9,497,740
1914...	617,498,700	1,378,930,300	160,552,000	13,538,110	9,985,330	8,280,700
1915...	354,966,900	1,062,246,400	106,332,200	15,423,650	8,974,950	10,801,200
1916...	481,857,500	1,035,437,900	88,153,700	8,931,510	5,922,490	7,583,020
1917...	851,853,300	898,872,200	78,886,500	5,185,900	5,646,600	6,295,900
1918...	429,754,300	449,044,800	33,046,000	2,654,600	2,211,400	3,480,800
1919...	275,575,100	423,299,200	37,684,300	3,217,300	2,401,100	3,201,100
1920...	569,064,700	659,277,100	69,872,000	10,850,000	5,096,900	6,011,600
1921...	265,737,000	744,049,100	50,486,100	18,383,900	7,573,200	7,257,600
1922...	410,565,000	854,074,300	77,837,700	21,204,800	7,284,200	7,471,600
1923...	476,873,200	707,622,700	89,096,800	9,024,600	5,154,800	5,978,800
1924...	553,405,800	938,652,800	91,324,300	9,281,600	4,280,600	5,613,800
1925...	524,45,900	767,338,700	72,441,200	6,244,300	4,184,500	4,465,500
1926...	504,044,100	902,411,700	93,138,100	8,809,600	4,286,100	6,244,000
1927...	576,045,900	924,941,700	84,499,100	8,681,600	5,262,900	6,660,400
1928...	687,653,200	710,112,300	92,249,700	9,089,800	4,960,500	6,791,500
1929...	511,977,900	687,826,200	108,049,200	8,318,800	4,031,000	8,447,700
1930...	317,988,200	346,331,500	75,803,600	4,734,900	1,959,400	4,020,200
1931...	231,407,000	77,021,300	59,272,200	3,407,400	2,608,000	4,785,400
1932...	339,930,400	129,501,100	78,127,500	3,792,200	2,964,900	7,036,100
1933...	258,655,100	131,375,900	66,094,000	2,416,400	3,088,000	4,740,800
1934...	326,065,000	161,206,000	59,385,000	2,106,300	2,968,600	3,687,300
1935...	306,200,000	138,804,000	56,439,000	2,569,000	3,744,600	3,896,000
1936...	258,847,000	96,010,000	36,014,000	2,173,200	3,018,500	2,996,300
1937...	224,494,000	67,800,000	30,900,000	1,477,700	2,095,800	3,497,400
1938...	183,935,000	69,100,000	20,285,000	817,500	2,764,400	1,555,500
1939...						
1940...						
1941...						
1942...						
1943...						
1944...						
1945...						
1946...						
1947...						
1948...						

Figures not available.

Figures from "Accounts relating to Trade and Navigation of the United Kingdom."

Report for the Year 1948

Section VI.

RULES AND REGULATIONS.

**Rules for Arbitration on Piecogoods, Standard Contract Form, Rules
for the Election of Representatives of the Association on the
Board of the Victoria Jubilee Technical Institute, on the
Board of Trustees of the Port of Bombay, on the
Bombay Municipal Corporation and on the
Senate of the University of Bombay.**

RULES AND REGULATIONS.

(Revised and adopted down to the Special General Meeting held on 7th August, 1939.)

- | | |
|---|----------------------------------|
| <p>1. The Association shall be called the Bombay Millowners' Association.</p> | Name. |
| <p>2. The Office of the Association will be situate in Bombay.</p> | |
| <p>3. The objects of the Association are :—</p> | Objects of the Association. |
| <p>(a) To encourage friendly feeling and unanimity amongst Millowners and users of steam, water and or electric power on all subjects connected with their common good.</p> <p>(b) To secure good relations between members of the Association.</p> <p>(c) To promote and protect the trade, commerce and manufactures of India in general and of the cotton trade in particular.</p> <p>(d) To consider questions connected with the trade, commerce and manufactures of its members.</p> <p>(e) To collect and circulate statistics and to collect, classify and circulate information relating to the trade, commerce and manufactures of its members.</p> <p>(f) To take all steps which may be necessary for promoting, supporting or opposing legislative and other measures affecting the trade, commerce or manufactures of its members.</p> <p>(g) To make representations to Local, Central and Imperial authorities on any matter connected with the trade, commerce and manufactures of its members.</p> <p>(h) To arbitrate in the settlement of disputes arising out of transactions in piecegoods and yarn between parties willing or agreeing to submit to arbitration in accordance with the arbitration rules of the Association.</p> <p>(i) To advance and promote commercial and technical education connected with the trade and commerce of its members.</p> <p>(j) To undertake special inquiries and initiate or support any action for securing the redress of legitimate grievances connected with the trade or commerce of its members.</p> <p>(k) To take any action which may be conducive to the extension of the trade and commerce of its members or incidental to the attainment of this object.</p> <p>(l) To subscribe, to become a member of and co-operate with any other Association whether incorporated or not whose objects are altogether or in part similar to those of this Association and to procure from or communicate to any such Association such information as may be likely to forward the objects of this Association.</p> <p>(m) To establish or aid in the establishment of funds to benefit employees of the Association or the dependents of such persons and to subscribe, donate or guarantee money for charitable or benevolent purposes at the discretion of the Association.</p> <p>(n) To regulate conditions of employment in the industry conducted or carried on by its members.</p> <p>(o) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Association directly or indirectly</p> | |
| <p>4. Any individual, firm or Company owning one or more mill or mills or one or more press or presses or one or more spinning or other factory or factories actuated by steam, water, electric and or other power shall be eligible for membership of the Association</p> | Persons eligible for membership. |
| <p>5. The expression "Member" in these rules shall ordinarily mean the person, firm or Company, as the case may be, by whom or by which any such mill or mills, press or presses, or factory or factories as last aforesaid is or are actually owned, but shall where the context so requires or permits also mean and include the person or persons for the time being entitled or empowered in accordance with these rules to act and vote on behalf of any member of the Association.</p> | Definition of the term "member." |
| <p>6. At any General Meeting of members of the Association every member shall be entitled to one vote for every complete sum of Rs. 50 paid by him as annual subscription under Rule 35 hereof.</p> | Voting power members |
| <p>7. Each individual, who, as an individual, shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled either to act and vote on his own behalf or to empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign his name per procuration, to act and vote on his behalf.</p> | |
| <p>8. Every partner in any firm, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of his firm, and the firm may also empower, subject as hereinafter mentioned, any one or more persons, who shall have been duly authorized to sign the name of the firm per procuration, to act and vote on behalf of the firm.</p> | |
| <p>9. Every Director of a Joint Stock Company, which shall be a member of the Association, shall, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company, and the Agent, Secretary or Manager, as the case may be, of such Company, and every partner in any firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, and likewise any one or more persons, who shall have been duly authorized by the Agent, Secretary or Manager, as the case may be, of such Company, or by the firm, which shall be Agents, Secretaries or Managers, as the case may be, of such Company, to sign either the name of such Agent, Secretary or Manager or the name of such firm, per procuration, shall also, subject as hereinafter mentioned, be entitled to act and vote on behalf of such Company.</p> | |
| <p>10. The name of every person entitled or empowered to act and vote on behalf of any member of the Association, whether such person be the member himself or any other person, shall be notified in writing by such member to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, and if more than one person shall be entitled or empowered to act and vote on behalf of any member, such member shall notify in writing to the Secretary of the Association to be entered by the Secretary of the Association as hereinafter provided in the register hereinafter mentioned, the order of precedence in which such persons shall be entitled to act and vote on behalf of such member.</p> | |
| <p>11. When any member shall notify to the Secretary of the Association that any one or more persons, other than the member himself, is entitled or empowered to act and vote on behalf of such member, such member shall, in such notification, state the capacity in which such person or each of such persons is so entitled or empowered to vote, that is to say, either as a member of a firm or as a Director or Agent or Secretary or Manager of a Company or as the holder of a power to sign per procuration or otherwise as the case may be.</p> | |
| <p>12. If the name of any person shall be notified as a person empowered to act and vote, on behalf of a member by virtue of being the holder of a power to sign per procuration the notification shall be accompanied by the document authorizing such person to sign per procuration, in order that the same may be registered by the Secretary, and the Secretary shall after registering the document, return it to the person who sent it.</p> | |
| <p>13. The Association shall provide a Register, to be called "Register of members and of persons entitled to act and vote for members" (hereinafter in these rules referred to as "the said Register"), and the names of all members of</p> | |

the Association shall be entered in the said Register together with the name of each person entitled or empowered, in accordance with these rules, to act and vote for such members, so soon as the name of such persons and all particulars regarding him and all formalities shall have been duly notified and observed in accordance with these rules, and when the name of more than one person shall have been notified as entitled to act and vote for any one member of the Association, the names of such persons shall be numbered in the order of precedence in which such persons are entitled to act and vote for such member.

14. No person shall be entitled to act or vote on behalf of any member of the Association unless and until his name shall have been entered in the said Register as a person entitled to act and vote for such member.

15. If two or more persons, who shall be entitled to act and vote on behalf of one and the same member of the Association, shall be present at any meeting of the Association, that one, who takes priority in the order of precedence in the said Register, shall alone be entitled to vote at such meeting.

16. If any one person shall, according to these rules, be entitled to act and vote for more than one member of the Association, such person shall be entitled to act and to exercise the right of voting, according to these rules, for each member, on whose behalf he is entitled to act and vote.

Mode of electing members.

17. Members of the Association shall be elected by ballot in the manner hereinafter mentioned.

18. Every candidate for election as a member of the Association must be proposed by one member of the Association and seconded by another, and a letter of proposal signed by the proposer and seconder must be sent to the Managing Committee of the Association (hereinafter called "the Committee").

19. After the receipt by them of a proposal duly made and seconded according to these rules of a candidate for election as member of the Association, the Committee shall fix a day for the commencement of the ballot for the election of such candidate.

20. Not less than seven days before the day so fixed as aforesaid for the commencement of the ballot for the election of any candidate, notice in writing shall be given by the Committee to all members of the Association of the name of the candidate and of his proposer and seconder and of the date so fixed as aforesaid for the commencement of the ballot for the election of such candidate.

21. The Committee shall, before the day appointed for the commencement of the ballot for the election of a candidate for membership of the Association, appoint a scrutineer for such election.

22. The Association shall for the purposes of all elections by ballot, provide a ballot-box with a lock and key and with an aperture sufficiently large to admit of the deposit therein of voting papers.

23. Before the time appointed under these rules for the commencement of the ballot for the election of any candidate for membership of the Association, the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same, and the same shall not be opened until after the expiration of the full time appointed for such ballot.

24. The Committee shall provide voting papers for the election of a member of the Association in such form as they shall from time to time think fit and shall send one of such voting papers to each member of the Association, not less than seven days before the day fixed according to these rules for the commencement of the ballot for the election of any candidate for membership of the Association.

25. If any person entitled or empowered to vote concerning the election of a candidate for membership of the Association shall desire to exercise his right of voting he shall fill up a voting paper in accordance with the directions contained therein stating whether he votes for or against the election of such candidate and shall sign the paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

26. Voting papers may be deposited in the ballot-box in accordance with these rules at any time between the hours of 10-30 a.m. and 4 p.m. on the day appointed for the commencement of the ballot or on any one of the six succeeding days, exclusive of Sundays or Gazetted Holidays.

27. The ballot-box shall, at 4 p.m. on the seventh of the days appointed for the election of any candidate for membership, be opened by the Secretary in the presence of the scrutineer, and the votes shall be counted and scrutinized by the scrutineer, and the scrutineer shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

28. No candidate for election as a member shall be deemed to have been elected unless the number of votes recorded is greater than one-fourth of the total number of the votes which would have been recorded if all members had voted. One adverse vote in every six votes recorded shall exclude. The result of every election shall be recorded in the Minutes of the Proceedings of the Committee.

29. If any candidate for election as a member of the Association shall not be elected, his proposer shall be informed of his non-election by the Secretary.

30. Particulars of the voting for the election of any candidate for election as a member of the Association shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

31. A candidate, who shall have been proposed for election as a member of the Association and shall not have been elected, shall not be again eligible for election as a member of the Association until after the expiration of six months from the date of the election at which he shall not have been elected.

32. If a candidate for election as a member of the Association be elected, his election shall be notified in writing by the Secretary to his proposer and likewise to the candidate himself, and a copy of the last annual report of the Association and also a copy of the Rules of the Association, together with a bill for the entrance fee payable by such member on election and the amount of the annual subscription payable in accordance with these rules shall be sent to him by the Secretary.

Membership subscription.

33. Every member who shall after the date on which these rules shall come into force be elected a member of the Association shall pay on election an entrance fee of Rs. 100.

34. Every member who shall after the date on which these rules shall come into force be elected a member of the Association after the 1st January but before the 1st October in any year shall in addition to the entrance fee pay such proportion of the annual subscription for that year as shall be attributable to the period between the date of election and the 31st December of that year. Every member similarly elected after the 30th September in any year shall pay in addition to the entrance fee one-quarter of the annual subscription for that year.

35. Each member of the Association shall pay the annual subscription to the Association which may from time to time be determined by the Committee. Provided that the resolution of the Committee determining such annual subscription shall be passed by a majority of not less than two-thirds of the members of the Committee present at a special meeting called for the purpose of determining such subscription.

36. Annual subscriptions shall be payable in advance on the 1st January in each year in respect of the period from the 1st January to the 31st December in that year, and a member shall not be entitled to exercise any of the privileges of membership if his subscription is more than two calendar months in arrear.

37. The Committee of the Association shall, in the case of mills which remain entirely closed for one calendar year or more for causes not due to a strike or a lock-out, be empowered to remit the ordinary membership subscription, and to substitute therefor a subscription of Rs. 100 only for each calendar year during which the mills remain entirely closed.

38. A member who shall fail to pay his subscription for a period of three calendar months after it has become payable shall, *ipso facto*, cease to be a member of the Association and his name shall forthwith be removed from the said Register. Provided that the Committee may, for good cause shown for such non-payment of the subscription as to which the decision of the Committee shall be final and binding upon the member in default, and upon payment of the subscription in arrear, revoke the cancellation of membership and order the name of such member to be reinstated in the said Register. Subscriptions in arrear shall be treated as a debt due to and recoverable by the Association.

39. Each member shall, on election to the Association, sign a form of adherence to the rules of the Association in the form from time to time approved by the Committee and until such form shall have been signed a member shall not be entitled to exercise any of the privileges of membership.

Form of adherence to be signed by members.

40. Every member of the Association shall have power to terminate his membership thereof by giving not less than three calendar months' previous notice in writing (expiring at any time) to the Secretary of the Association of his desire to terminate such membership and upon the expiration of any such notice such member shall cease to be a member of the Association and his name shall forthwith be removed from the said Register.

Mode of resigning from membership.

41. The affairs and funds of the Association shall be managed by a Managing Committee hereinbefore and hereinafter called "the Committee" to be constituted as hereinafter mentioned.

The Committee, its constitution and mode of election

42. The members of the Association shall, in each year between the 1st and the 31st day of January, elect the Committee from amongst the list of persons whose names appear in the said Register as persons entitled to act and vote for members.

43. The Committee shall consist of a Chairman, a Deputy Chairman and not more than eighteen ordinary members, making a maximum of twenty members in all.

44. The Committee, holding office for the time being, shall appoint a day between the 1st and the 31st day of January in each year for the election of the Chairman, the Deputy Chairman and the eighteen ordinary members of the Committee for the ensuing year, and shall cause notice of the day so appointed for such election as aforesaid to be advertised in at least one English and one Vernacular newspaper published in Bombay.

45. The Secretary of the Association shall also give to each member of the Association not less than seven days' notice in writing of the day appointed for the said elections and of the names of all authorized representatives of members who are eligible for election as members of the Committee.

46. The members of the Committee shall be elected by ballot.

47. The Committee shall, before the day appointed for the said election, appoint a scrutineer for each of the said elections.

48. Before the time appointed under these rules for the commencement of the ballot upon the day appointed for the said elections the Secretary of the Association shall satisfy himself that the ballot-box is empty and shall lock the same and the same shall not be opened until 4 p.m. upon that day.

49. The Committee shall provide separate voting paper for

(a) the election of a Chairman of the Committee,

(b) the election of a Deputy Chairman of the Committee.

(c) the election of eighteen ordinary members of the Committee

in such form as they shall, from time to time, think fit and shall send to each member of the Association not less than seven days before the day fixed for the said elections, one voting paper in respect of the election of the Chairman, one voting paper in respect of the election of the Deputy Chairman and one voting paper in respect of the election of the ordinary members of the Committee.

50. On the day appointed for the said elections voting shall commence at 10-30 a.m. and terminate at 4 p.m.

51. If any person entitled or empowered to vote concerning the election of the members of the Committee shall desire to exercise his right of voting, he shall, in the case of the election of a Chairman, write on a voting paper relative to the election of a Chairman the name of the person representing a member of the Association who he desires should be appointed such Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of a Deputy Chairman, write on a voting paper relative to the election of a Deputy Chairman the name of the person representing a member of the Association who he desires should be appointed such Deputy Chairman and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover and he shall, in the case of the election of the eighteen ordinary members of the Committee, write on a voting paper relative to the election of the ordinary members of the Committee, the names of the eighteen persons representing members of the Association who he desires should be appointed as ordinary members of the Committee as aforesaid and shall sign the said voting paper and shall deposit it or cause it to be deposited in the ballot-box in a sealed cover.

52. Voting papers regarding the elections of a Chairman, Deputy Chairman and the ordinary members of the Committee may be deposited in the ballot-box in accordance with these rules between the hours of 10-30 a.m. and 4 p.m. on the day which shall have been appointed under these rules for such elections.

53. At 4 p.m. on the day appointed for the said elections the ballot-box shall be opened by the Secretary of the Association in the presence of the scrutineer and the votes shall be counted and scrutinized by the scrutineer, who shall report to the Committee in writing under his hand the result of the election according to his counting and scrutiny.

54. Particulars of the voting for the election of the members of the Committee shall be confidential and shall not be disclosed by the scrutineer or by the Secretary to anyone whomsoever.

55. Those persons in whose favour the largest number of votes shall have been cast for the respective appointments of Chairman, Deputy Chairman and ordinary members of the Committee shall be deemed to have been appointed Chairman, Deputy Chairman and ordinary members of the Committee respectively.

56. Two representatives of any one member entitled under Rule 6 to ten votes or less shall not be on the Committee at the same time, and if two representatives of any one such member shall be elected to serve on the Committee at the same time, the election of that representative who obtains the lesser number of votes shall be void. In case of an equality of votes, the Chairman of the retiring Committee shall have a casting vote.

57. No member of the Association shall vote for more than one Chairman, one Deputy Chairman and eighteen ordinary members of the Committee.

58. If any person who shall have been elected according to these rules either as Chairman of the Committee or as Deputy Chairman of the Committee shall decline to accept the appointment there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be.

59. If any person who shall have been elected in accordance with these rules as an ordinary member of the Committee shall decline to accept the appointment the person who shall have received the next largest number of votes shall be considered to have been elected, and if there shall be no such person then the vacancy shall be filled by the retiring Committee.

60. If in any ballot for a Chairman or Deputy Chairman of the Committee there shall be an equality of votes for the appointment, there shall be a fresh election by the members of the Association for the appointment of a Chairman or Deputy Chairman as the case may be. If in any ballot for the election of the eighteen ordinary members of the Committee there shall be an equality of votes for the eighteenth appointment, the Chairman of the retiring Committee shall have a casting vote.

61. The new Committee shall take office upon the conclusion of the first Annual General Meeting of the members of the Association held after their election, and shall continue to hold office until the conclusion of the next Annual General Meeting of the members of the Association, when they shall retire but shall be eligible for re-election.

62. If any member of the Committee shall be absent from the regular meetings of the Committee for more than three consecutive months he shall, unless he shall have previously obtained leave of absence from the Committee, be deemed to have vacated his office.

63. When any vacancy other than a vacancy in the office of Chairman or Deputy Chairman shall occur in the Committee, the members of the Committee shall have power to appoint any duly qualified person to fill such vacancy who shall hold office until the conclusion of the next Annual General Meeting of the members of the Association when he shall retire but shall be eligible for re-election. Similarly if any member of the Committee shall have previously obtained leave of absence from the General Meetings of the Committee, the members of the Committee shall have power to appoint any duly qualified person to act as a member of the Committee during the absence of such member.

64. If any vacancy other than a temporary vacancy shall occur in the office of Chairman or Deputy Chairman of the Committee, such vacancy shall be filled by the election according to these rules by the members of the Association of any duly qualified person. A temporary vacancy may be filled by the members of the Committee from their own number.

The procedure to be adopted by the Committee in conducting business

65. The Chairman of the Committee shall, if present, preside at all meetings of the Committee held during his term of office. In the absence of the Chairman the Deputy Chairman shall preside, and failing both, the chair shall be taken by one of the members of the Committee who shall be appointed by the other members of the Committee present at such meeting.

66. In case of a tie in voting in Committee the Chairman for the time being shall have a casting vote in addition to his own vote.

67. Five members of the Committee shall constitute a quorum.

68. The Committee shall meet at least once in every month.

Power of the Committee.

69. The Committee shall have power to require from any member an explanation as to any act done or conduct pursued by such member which in the opinion of the Committee shall be in contravention of the rules of the Association or to the detriment or discredit of the Association or shall be injurious to the welfare and interests of the Association. If any such explanation shall be refused or having been given shall be deemed unsatisfactory, the Committee shall cause a Special General Meeting of the Association to be convened to consider the act and conduct of such member, and the Association shall have power if a quorum be present at such Special General Meeting to resolve by a majority of not less than two thirds of the votes cast at the meeting to declare that such member is expelled from the Association.

70. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall nevertheless cease to be a member of the Association and shall not be entitled to claim any refund on account of subscription which may have already been paid.

71. Previous to each Annual General Meeting of the members of the Association the Committee shall prepare a report of the proceedings of the Association during the year prior to such General Meeting and shall cause the same to be printed and shall send at least one printed copy thereof to each member of the Association not less than seven days prior to the date fixed for the said Annual General Meeting. The Committee may also, if they see fit to do so, send any one or more copies of the said report to any individual or corporation or Association to whom or to which they may think it desirable in the interests of the Association to send the same.

72. The Committee shall have authority to appoint Solicitors to the Association and the Committee may consult them whenever they deem it expedient to do so.

73. The Committee shall have authority at any time and from time to time, if for any reason they shall consider it advisable to do so, to attach to the office of the Chairman of the Committee a remuneration or honorarium of such amount, and to operate from such date and for such period as the Committee may determine, and such remuneration or honorarium shall be met from the revenues of the Association.

74. At the first meeting of the Committee held after the holding of the Annual General Meeting of the members of the Association in each year, the Committee shall appoint three or more of their number to form a Sub-Committee for the purpose of deciding questions other than arbitrations, arising under the rules of the Association relating to the registration of trade marks, and the decision of such Sub-Committee on such question shall have the same effect as if given by the entire Committee. Any vacancy which may from time to time occur in any such Sub-Committee shall be filled by the Committee by the appointment thereto of another member of the Committee.

75. The Committee may from time to time appoint a Sub-Committee to investigate and to report upon any matter whatsoever and may invite any member of the Association not being a member of the Committee to serve on any such Sub-Committee, or may equate any outside authority if for any special reason such a course may seem to them advisable.

76. Sub-Committees other than a Sub-Committee appointed under Rule 74 shall have no executive or substantive power or authority, and the duty of every Sub-Committee shall be to report to the Committee the result of its investigations, deliberations or other proceedings.

Duties of Secretary and Assistant Secretary.

77. A Secretary of the Association shall be appointed and his remuneration shall be fixed by the Committee. The Secretary shall devote himself entirely to the business and affairs of the Association except in cases where he has received the special permission of the Committee. He shall have charge of all correspondence and shall keep an account of the funds of the Association and of funds connected with or in any way controlled by the Association. He shall have the care of the rooms, furniture, library, pictures and of all documents belonging to the Association. He shall give notice as desired by the Chairman or Deputy Chairman of all meetings of the Association, of the Committee, of the Departmental Committees and Sub-Committees of the Association and of all Associations working in connection with the Association. He shall duly notify members of their election, collect all dues from members of the Association or from any Committee or any Association working in connection with the Association. He shall prepare the Annual Report of the Association and the reports of all Committees and of all Associations connected with the Association under the guidance of the Chairman and the Committee and generally shall perform all such duties as are incidental to his office and generally act under the orders of the Chairman or in his absence of the Deputy Chairman and the Committee. In all matters appertaining to the detailed duties of his office as above enumerated he shall follow the policy and instructions laid down by the Chairman or in the absence of the Chairman by the Deputy Chairman.

78. An Assistant Secretary of the Association may be appointed, and if so appointed, his remuneration shall be fixed by the Committee. The Assistant Secretary shall during any temporary absence of the Secretary owing to sickness

or any other cause or during the absence of the Secretary on leave perform all or any of the duties of the Secretary as may be assigned to him.

79. Minutes of all proceedings of the Committee shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time Minute Book of the Committee.

80. A general meeting of the Members of the Association to be called the Annual General Meeting shall be held in each year at such time as the Committee may appoint. General Meeting of Members.

81. The Committee may also at any time call a General Meeting should it seem to them expedient to do so.

82. If any four members of the Association shall by a requisition in writing signed by the said four members respectively addressed to the Committee and containing a statement of their reasons for the requisition request the Committee to call a General Meeting of the members of the Association the Committee shall call such General Meeting to be held within fourteen days after the receipt by the Committee of the said requisition, and if the Committee shall refuse or neglect to call such General Meeting to be held within the time aforesaid, the said four members who shall have signed the said requisition, shall have power themselves to call such General Meeting to be held on such day as they themselves shall appoint.

83. Seven clear days' notice of every Annual General Meeting shall be given by advertisement in at least one English and one Vernacular newspaper published in Bombay and seven clear days' notice shall also be given to members of every Special General Meeting except Urgent General Meetings specially convened by the Chairman or the Committee.

84. No business shall be transacted at any General Meeting unless a quorum according to these rules shall be present at such meeting.

85. At any General Meeting a quorum shall be constituted if the number of votes of the members represented at the meeting shall exceed 25 per cent. of the total number of votes of all the members for the time being of the Association.

86. If on the day originally appointed for holding a General Meeting a quorum according to these rules shall not, within thirty minutes of the time appointed for the commencement of the meeting, be present, the meeting shall be adjourned to such time on such day not being less than 10 days thereafter as the Committee may determine and if a quorum shall not, within fifteen minutes after the time appointed for the commencement of such adjourned meeting, be present, the members then present shall constitute a quorum and may transact the business for which the meeting was convened.

87. Whenever any meeting shall be adjourned under Rule 86 on the ground that a quorum was not present within the prescribed time, seven clear days' notice shall be given by the Committee by advertisement in at least one English and one Vernacular newspaper published in Bombay of the day and time to which such meeting shall have been adjourned.

88. The Chairman of the Committee shall, if present, preside at all General Meetings of the members of the Association held during his term of office. In the absence of the Chairman, the Deputy Chairman shall preside, and, failing both of these, the chair shall be taken by one of the members of the Committee, who shall be appointed by the other members of the Committee, present at such meeting.

89. The voting at any General Meeting shall be in the first instance, by show of hands, but this shall not preclude any member present from demanding a poll. If a poll is demanded the number of votes to which each member shall be entitled shall be calculated in accordance with Rule 6. The result of a poll shall supersede a vote taken by show of hands. In the case of a tie in voting at any General Meeting the Chairman for the time being of the meeting shall have a casting vote.

90. Minutes of all proceedings at every General Meeting of the members of the Association shall be made and shall be entered or caused to be entered regularly by the Secretary in a Minute Book to be kept by him. This book shall be open to the inspection of any member of the Association at any reasonable time

91. Every resolution which shall have been duly passed according to these rules at any General Meeting of the members of the Association shall be binding upon all the members of the Association.

92. All proposals or recommendations for concerted general action respecting the mills which the Committee of the Association may consider to be concerned in respect to a strike, lockout, short-time working or organized lessening of production, payment of bonus, increase or reductions in wages, or any other matter whatsoever, shall only be adopted if passed by a majority of not less than 85 per cent. of the votes cast at a Special General Meeting duly called for the purpose of considering such proposals or recommendations. Special General Meeting for concerted general action.

93. Any member of the Association who shall contravene the terms of any proposal which has been approved and adopted by the members of the Association under Rule 92 hereof shall be liable to be summarily expelled from the Association by a resolution of the Committee declaring that such member is expelled; provided that such resolution shall be passed by a majority of not less than three-fourths of the members of the Committee present at a Special Meeting called for the purpose of considering such contravention. Expulsion members for transvening resolutions adopted at the General Meeting.

94. Whenever a resolution shall have been passed as in the last preceding rule mentioned such resolution shall be final and conclusive and the member thereby declared to be expelled shall thenceforth cease to be a member of the Association, and shall not be entitled to claim from the Association any refund on account of subscription which may have already been paid.

95. A firm or Joint Stock Company or other Corporation which shall be expelled under the last preceding rule shall be eligible for re-election after the expiry of six months from the date of expulsion provided not less than three members in addition to the proposer and seconder concur in the proposal for re-election.

96. The control of the funds of the Association shall be vested in the Committee, who in addition to the powers expressly conferred on them by these rules may exercise all such powers, and do all such acts and things as may be exercised or done by the Association and are not hereby or by law expressly directed or required to be exercised or done by the Association in General Meeting, and in particular may from time to time at their discretion raise or borrow or secure the repayment of any sum or sums of money in all respects as they think fit. Funds and properties of the Association.

97. If at any time during the year the funds at the disposal of the Committee are insufficient or are likely to be insufficient to defray the estimated expenditure for the remaining portion of the year, then the Committee shall, in such case, call a General Meeting of the members of the Association and lay the accounts of the Association before such meeting.

98. The Committee shall cause proper books of account to be kept of the transactions of the Association and of the assets, credits and liabilities thereof, which books of account shall be kept at the office of the Association or at such place or places, and in the charge of such person or persons as the Committee may from time to time direct.

99. At least seven days previous to each Annual General Meeting of members of the Association the Committee shall send to each member of the Association a duly audited income and expenditure account, and a balance sheet, containing a summary of the property and liabilities of the Association and made up to the 31st December of the year immediately preceding the meeting, and such account and balance sheet shall be laid before the members at the Annual General Meeting of the Association in each year.

100. The Committee for the time being shall have power to invest and deal with any of the moneys of the Association not immediately required for the purposes thereof in such securities and in such manner as they may think fit and from time to time to vary or realize such investments.

101. The Committee shall have the power to determine the manner in which bills, loans, receipts, acceptances, endorsements, cheques, releases, contracts and documents shall be signed or executed by and on behalf of the Association.

102. There shall be two Trustees of the Association and the first Trustees shall be Mr. H. P. (now Sir H. P.) Mody and Mr. Ratansi D. Morari. Subsequent Trustees shall be appointed by resolution of the Committee. Any person for the time being entitled to act and vote for a member shall be eligible as a Trustee. Any Trustee who shall cease to be entitled to act and vote for a member shall *ipso facto* cease to be a Trustee. Any Trustee may be removed by a majority of three-fourths of the members of the Association present at a meeting duly convened for the purpose of considering such removal.

103. All the funds and properties of the Association shall be vested in the Trustees who shall have the custody of all securities and documents of title relating thereto and shall deal with and dispose of the same and the income thereof in accordance with the written directions from time to time given to them by the Committee for the time being.

Responsibility of
the Chairman,
Deputy Chairman,
Secretary and
members of the
Committee.

104. Neither the Chairman, Deputy Chairman, nor any ordinary member of the Committee nor the Secretary nor any Trustee shall be answerable for anything other than his own acts or defaults, nor shall he be answerable for any act done by him for the sake of conformity only, nor for any moneys of the Association other than such as shall come into his own hands, nor for any collector or receiver of moneys appointed by the Committee, nor for any misfortune, loss or damage, happening to the Association by reason of any deed done or executed by him as a Chairman, Deputy Chairman or ordinary member of the Committee or as Secretary or Trustee, nor by reason of any error in judgment or mere indiscretion on his part in the performance of his duties, nor otherwise on any account, except for wilful negligence or fraud. Every person being Chairman, Deputy Chairman, or an ordinary member of the Committee or Secretary or Trustee of the Association, his heirs, executors or administrators shall at all times be indemnified and saved harmless out of the funds of the Association from and against all costs, losses, damages and expenses whatsoever incurred or sustained by him in the execution of his power or duties, and every person having been or being a Chairman, Deputy Chairman, or ordinary member of Committee or Secretary or Trustee of the Association, his heirs, executors and administrators shall be indemnified and saved harmless out of the funds of the Association against all actions, suits, claims and demands whatsoever brought or made against him or them in respect of any engagement of the Association save such as may be incurred by his own personal wilful neglect or default.

The date when
the rules come into
force and the mode
of altering the
rules.

105. These rules shall come into force on the First day of March 1925 on which date the present rules shall stand cancelled. No alterations in these rules shall be made save and except by a majority of not less than three-fourths of the votes cast at a General Meeting of the members of the Association duly convened and held for the purpose of considering such alteration, the terms of which shall have been fully set forth in the notice convening the meeting.

RULES FOR ARBITRATIONS ON INDIAN PIECEGOODS AND YARN.

(Revised and adopted down to 24th November 1944.)

PREAMBLE.—Whereas it is desirable that disputes and questions arising out of contracts for the sale and purchase of Indian piecegoods and yarn which fall to be submitted to arbitration in accordance with the Rules of the Millowners' Association, Bombay, shall be speedily and economically decided by persons having expert knowledge, the following Rules have been framed for the conduct of such arbitrations :

1. In these Rules unless the context otherwise requires :—

"The Association" means The Millowners' Association, Bombay.

"The Committee" means the Committee for the time being of the Association.

"Member" means a member of the Association.

"The Secretary" means the Secretary or Acting Secretary for the time being of the Association.

Words importing the singular number only shall include the plural, and the converse shall also apply.

2. These Rules shall apply to any dispute or question arising out of any contract for the sale and purchase of Indian piecegoods or yarn entered into between a member and a non-member and between the selling agents of a member and a non-member and between any other parties which provides for arbitration in accordance with these Rules.

3. The Committee shall select triennially a panel of Arbitrators consisting of 30 persons, of whom fifteen shall be selected from representatives of members and fifteen shall be selected in consultation with the Bombay Country Fancy and Grey Piecegoods Merchants' Association, from dealers in Indian-made piecegoods or yarn. Panel of Arbitrators.

4. The Committee shall also select triennially from the panel of Arbitrators selected in accordance with Rule 3, a panel of ten persons to act as Umpires. Panel of Umpires.

5. If a member of the Arbitrators' or Umpires' panel shall resign or refuse to act without a reason satisfactory to the Committee or become incapable of acting or shall die a vacancy shall be deemed to have occurred and the Committee shall forthwith select in accordance with Rule 3 or Rule 4 as the case may be some other person to fill such vacancy.

6. The Secretary shall keep a record, in the form, from time to time prescribed by the Committee, of all arbitrations conducted by the Association and of the awards made therein, and shall collect all fees in connection therewith and do all such things as are prescribed by or are necessary under these Rules.

7. (a) The parties to a dispute or question may appoint an arbitrator selected from the panel of arbitrators to act as sole arbitrator or Appointment of Arbitrators

(b) Either party to the dispute or question may appoint an arbitrator selected as aforesaid to act on his behalf and the Secretary shall immediately upon receipt of notice of such appointment give written notice thereof to the other party and shall call upon the other party to appoint within 10 days of the receipt of such notice an arbitrator selected as aforesaid to act on his behalf, and if such other party shall fail to make such appointment within the prescribed period the dispute shall stand referred to the arbitrator appointed by the first party as sole arbitrator. Reference to sole Arbitrator if second Arbitrator not appointed within 10 days.

(c) No person shall be appointed to act as arbitrator under these Rules whose consent to so act shall not previously have been obtained. Arbitrators not to be appointed without previous consent.

(d) The appointment of an arbitrator under these Rules shall be made on the form prescribed by the Association, which form shall be signed by the person making the appointment, and submitted to the Secretary for necessary action. Appointment of arbitrators to be made on the form prescribed by the Association.

(e) All applications for appointment of an arbitrator or arbitrators shall be accompanied by a deposit by each party of Rs. 100, or such other sum as the Committee may direct, as a deposit against the expenses of the arbitration.

Where the award is silent as to the expenses of the Arbitration the expenses shall be borne equally.

If the expenses of an arbitration whether not awarded or awarded or any part thereof remain unpaid by the party liable therefor for a period of 10 days after the award is made, the Secretary shall appropriate the deposit of the party in default or a portion thereof towards the amount recoverable from such party. On payment of all expenses of the arbitration the parties shall be entitled to a refund of such sums as they may be entitled to.

8. No party to a dispute or question shall appoint an arbitrator, and no person shall consent to act as arbitrator, who is or whose employers are interested directly or indirectly, in the subject-matter of the dispute or question. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect. Arbitrators to be disinterested.

9. When two arbitrators are appointed they shall, before proceeding with the reference, select from the Panel of Umpires an umpire, who is willing to act, and communicate his name to the Secretary. Appointment of Umpire by Arbitrators

10. If the arbitrators are unable to agree as to the umpire they shall proceed with the reference and notify the Secretary of their disagreement, and the Committee shall thereupon select a person from the Panel of Umpires to act as umpire. No person shall be appointed to act as umpire either by the arbitrators or the Committee who is or whose employers are interested either directly or indirectly in the subject-matter of the dispute or question. Any appointment made in contravention of this rule shall be deemed to be invalid and of no effect.

11. The arbitrators shall fix a time and place for the hearing of the reference and notify the Secretary thereof. The date so fixed shall be not later than 10 days after their appointment. The Secretary shall forthwith notify the parties of the time and place appointed.

12. Parties to the reference shall attend at the time and place appointed for the hearing of the reference, either in person, or (subject to the provisions of Rule 18) by any person duly authorised by them acquainted with all matters in dispute or in question and they shall if so required by the arbitrators submit written statements of their respective cases to the arbitrators and answer all material questions relating to the dispute or question. Submission of statements.

13. Parties to the reference shall, if required, submit to be examined by the arbitrators on oath or solemn affirmation or otherwise in relation to the matters in dispute or question.

14. At the time appointed for the reference the parties shall have ready at the rooms of the Association or elsewhere as directed the sale samples duly attested, and if required sample packages or complete bales. Samples, packages or bales so sent will be at the sender's risk and must be accompanied by a peon in charge and by a cooper to open the packages. Samples for inspection.

15. The parties to the reference and all persons claiming through or under them respectively shall produce before the arbitrators all books, deeds, papers, accounts, writings and documents within their possession or power which may be required or called for and do all other things which during the proceedings on the reference the arbitrators may require.

16. The arbitrators shall have general authority to require from either or both of the parties to the reference such further statements, explanations, and other information, evidence and materials as they may consider necessary for the adjudication of the dispute or question.

16A. The arbitrators or umpire may, from time to time with the consent of all the parties, by endorsement on the reference paper, extend the time for making an award by a period not exceeding 28 days from the due date or extended due date of the award

17. The arbitrators shall proceed with the reference and make an award *ex-parte* in the absence of any party who shall after due notice refuse or neglect to attend without having satisfied the arbitrators that good and sufficient reason exists for such neglect or refusal

18. No party to a reference shall, without the express permission of the arbitrators be entitled to appear by counsel, attorney, advocate or pleader, or insist on or require the arbitrators to hear or examine witnesses or receive oral or documentary evidence other than what is deemed necessary by the arbitrators.

19. The arbitrators or umpire may, before making an award, and at the joint expense of the parties to the reference, consult counsel or solicitors to be selected by them, arbitrators or umpire as the case may be, on any question of law, evidence, practice or procedure arising in the course of the reference.

20. The arbitrators when called upon to do so by either party may, if they think fit to do so make an interim award

21. If the arbitrators fail to make an interim award or to agree upon an interim award within seven days after they shall have been called upon to do so, the Secretary shall forthwith call upon the umpire to enter upon the reference to the extent of the matters in respect of which the arbitrators were called upon to make an interim award and to make an interim award within seven days of the matter being referred to him and the umpire shall within such time make an interim award.

22. The arbitrators shall, notwithstanding that the umpire shall have made an interim award have power to make an award upon the matters in dispute still outstanding between the parties.

23. The arbitrators shall make an award in writing in the form prescribed by the Association or notify their disagreement to the Secretary as early as possible and in any case within 28 days from the date of the first hearing of the reference or within the period of any permitted extension of time

24. If the arbitrators fail to make an award or to agree upon their award (not being an interim award under Rule 20 hereof) within the prescribed period or any permitted extension thereof, the Secretary shall forthwith call upon the umpire to enter upon the reference and the umpire shall thereupon proceed with the reference

25. The arbitrators shall furnish the umpire with a brief statement of the facts of the case and their reasons for such failure to make an award or to agree upon their award or interim award as the case may be

26. The foregoing rules as to the practice and procedure before the arbitrators shall apply *mutatis mutandis* to the proceedings before the umpire

26A. The Arbitrators and Umpire respectively shall have power vested in them and him to make orders whether by way of interim award or otherwise for the preservation or interim custody or sale of any goods which are the subject matter of a reference or for securing the amount in difference in the reference

27. If an arbitrator duly appointed neglects or refuses to act or is otherwise incapable of acting, or dies, a new arbitrator shall be appointed in accordance with the foregoing rules

If an umpire duly appointed neglects or refuses to act or is otherwise incapable of acting or dies, the Committee shall proceed to appoint a new umpire

28. Parties to the reference shall do all acts necessary to enable the arbitrators or umpire to make a just and expeditious award, and shall not wilfully do or omit to do, or cause to be done or be omitted to be done, any act to delay or prevent the arbitrators or umpire in or from making an award. If either party shall be guilty of any such wilful doing or omitting or causing which as a result whereof the proceedings in any manner are delayed or the arbitrators or umpire are prevented as aforesaid the arbitrators or the umpire shall direct him to pay to the other party such costs as they or he may deem reasonable and may proceed with the hearing of the reference

29. When a dispute or question stands referred to an umpire, he may proceed to adjudicate in the matter on the basis of the statement furnished to him by the arbitrators as provided by Rule 25 and shall make his award thereon within 14 days of his first entering on the reference or within the period of any permitted extension of time.

30. The arbitrators by their or the umpire by his award shall determine exactly what they or he shall think fit to be done by either of the said parties, respecting the matters referred and shall direct to and by whom and in what manner and in what proportion the total costs of the reference any interim award and the award, including the fees payable to the arbitrators and umpire and the Association shall be paid.

31. All references in these Rules to an award shall unless repugnant to the meaning or context include references to an interim award

32. All awards under these Rules shall be made in the forms prescribed therefor bearing stamps for the value laid down under the Indian Stamp Act or any other law for the time being in force and shall be lodged with the Secretary who shall send copies thereof to the parties.

33. Every award made under or in pursuance of these Rules shall be final and binding on the parties to the reference and persons claiming through and under them notwithstanding death or legal disability occurring to any party, before or after the making of the award, and so that death or legal disability shall not operate as a revocation of the award.

34. Whenever an award directs that a certain act or thing shall be done by one party to the reference and such party fails to comply with the award, the party in whose favour the award was made may make an application for a further award determining the amount of damages or compensation payable by reason of such failure, and the Committee on receipt of such application shall proceed to appoint a sole arbitrator or two arbitrators and an umpire who may or may not be the same person or persons who made the first award. The arbitration on the said application shall then proceed in accordance with these Rules and the award thereon may be filed separately or together with the original award.

35. Neither party to a dispute or question which has been submitted to arbitration under these Rules shall bring or prosecute any suit of proceeding on any ground whatsoever against the arbitrators or the umpire, or the Secretary.

36. In respect of arbitrations conducted under these Rules the following fees shall be paid by the parties to the reference or by those claiming through or under them, namely:—

- (a) To a sole arbitrator a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (b) To each of two arbitrators a fee at the rate of Rs. 15 per hour or part thereof, subject to a maximum of Rs. 60 for each arbitrator.
- (c) To an umpire a fee at the rate of Rs. 30 per hour or part thereof, subject to a maximum of Rs. 75.
- (d) To the Association in every case a fee of Rs. 10.

37. If the parties to a reference shall take the reference out of the cognizance of the arbitrators or umpire, after the commencement of proceedings and before the publication of the award, they shall nevertheless be liable to pay fees to the arbitrators, umpire and Association at the rates specified in Rule 36 hereof:

Provided that if the reference is so taken out of the cognizance of the arbitrators or umpire before the commencement of proceedings, the amount deposited under Rule 7 (c) shall, with the exception of the fees payable to the Association, be refunded to the party or parties as the case may be.

38. A bill showing the amount due in respect of fees, stamp duties, etc., to the arbitrators, umpire and Association by each party to the dispute shall accompany any copy of the award sent in accordance with Rule 32, and shall be paid within seven days of the receipt thereof.

39. In addition to the fees mentioned in Rule 36, the parties to the dispute or question shall pay as and when demanded by the Secretary and as set out in the award, all other fees or charges incurred during the arbitration in accordance with Rule 19.

40. All notices required by these rules to be given shall be given in writing in the form prescribed by the Association and shall be sufficiently given if left at the last known place of abode or business of the party to whom the notice is addressed, or if sent by post prepaid addressed to him by name at such place of abode or business and not returned through the post as undelivered before the completion of the award and shall if sent by post be considered to have been given at the time at which the letter would, in the ordinary course, be delivered.

41. The provisions of the Arbitration Act, 1940, or any modification or amendment thereof, or any other relevant Act for the time being in force, in so far as they are not inconsistent with these Rules, shall apply to all arbitrations conducted by the Association.

42. These Rules shall come into force on the 24th November 1944, on which date they shall supersede all previous rules relating to Arbitrations on Piecegoods and Yarn

THE TERMS AND CONDITIONS OF THE STANDARD CONTRACT FORM.

1. The quality of the goods shall, except in the case of a sale by sample, accord with the recognized standard quality cloth manufactured by the Company.

In the case of a sale by sample the buyers shall be deemed to have approved the sample furnished by the Company, unless the buyers shall within 4 days after the receipt of the sample intimate in writing to the contrary to the Company.

2. The Company does not guarantee, except where a particular assortment is specially stipulated, any fixed assortment in the deliveries of goods of various dimensions and patterns and bearing different numbers, and in such cases the buyers shall take delivery of and pay as herein agreed for all bales (not exceeding the contract quantity) from time to time ready for delivery regardless of the assortment.

3. Where the contract is for 100 bales or more, the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 10 per cent. more or less than the contract quantity, and where the contract is for less than 100 bales the buyers agree to accept at the price herein fixed an assortment of bales to the extent of 5 per cent. more or less than the contract quantity, but as regards such limits the buyers shall not be obliged to take up more than 5 bales more or less of each sort, including any loose pieces of each sort.

4. In the case of goods sold at a fixed rate per pound the buyers shall not raise any objection or claim compensation for short weight so long as the average weight per bale in each lot delivered does not vary from the invoice weight by more than 2 per cent. per bale. The Company does not guarantee the weight of any goods sold by the piece.

5. The buyers shall not be entitled to any allowance or compensation for any deficiency in the width of dyed, bleached and/or calendered goods when such deficiency does not exceed one inch.

6. In the case of a sale of ready goods payment therefor shall be made and delivery thereof taken by the buyers within 8 days of sale.

7. In the case of a sale of goods for future delivery, when the period of delivery extends to two months or more and the quantity deliverable per month is not specified, the Company shall supply the goods in approximately equal lots per month, and the buyers shall on the last day of each English calendar month take delivery and pay for in cash against delivery of as many bales, approximating to the quantities specified in the contract, as shall have been made ready during that month, and either at the mill premises or at the godowns of the Company as the Company may direct: Provided that in the case of bales of which delivery is required in Bombay, the Company will ordinarily be willing to give delivery through the Selling Agents of the Company in the market, but giving delivery in the market shall not render the Company liable to a claim by the buyers for late delivery if the bales were ready for delivery at the mill premises or the godowns of the Company on the last day of the aforesaid calendar month.

8. The Company shall as far as possible, but without being under any obligation to do so, notify the buyers of the number and particulars of the bales ready for delivery at the end of each calendar month, and shall also furnish to the buyers if requested by the buyers in writing so to do the number and particulars of the bales ready for delivery from time to time during the month. Any such notification or furnishing of particulars by the Company as aforesaid shall not imply or be deemed to imply an obligation or undertaking on the part of the Company to give any further notification, or to furnish any further particulars, except upon the written request of the buyers, it being the duty of the buyers to ascertain the number and particulars of the bales ready for delivery from time to time and to pay for and take delivery thereof.

9. In the event of the buyers requesting the Company to despatch the goods either by rail, road or sea and the Company acceding to such request the goods shall be at the risk in all respects of the buyers from the time they leave the mill premises or the godowns of the Company as the case may be, including the risk of delay in delivery due to the non-booking of the goods by the Railway or Shipping Company for which the Company takes no responsibility.

10. Where the goods are to be delivered in lots or by instalments this contract shall be deemed and construed as a separate contract in respect of each lot or instalment, and the rights and liabilities of the Company and the buyers respectively shall be the same as though a separate contract had been made in respect of each lot or instalment.

11. All goods of which delivery shall not be taken by the buyers in accordance with the terms of this contract shall, as from the date on which delivery thereof ought to have been taken, be deemed to have been appropriated to this contract and the buyers shall be deemed to have assented to such appropriation without any further consent on their part than is evidenced by their being parties to and signing this contract. From the date of such appropriation the said goods shall be held by the Company for the account of the buyers and at their sole risk as regards loss, damage, deterioration or otherwise and the price of the goods plus all charges shall carry interest in favour of the Company from due date at the rate of 9 per cent. per annum and the Company shall be entitled at its sole discretion and after giving not less than seven days' written notice to the buyers, which shall be deemed to have been duly given if delivered at or sent by registered post to the last known place of business or residence of the buyers, to sell the said goods on account and at the risk of the buyers either by public auction and/or private sale and either together or in lots and at such time or times and on such terms and conditions as the Company may think fit. If the net sale proceeds of the goods shall be less than the amount due to the Company for the price of the goods plus interest and all charges, the buyers shall pay the difference to the Company on demand.

12. The Company shall have a general lien on all goods of the buyers for the time being in the possession of the Company (including goods already paid for but of which delivery may not have been taken by the buyers) for the total amount due to the Company for the time being under this contract and also for any amount due to the Company under any other contract with the buyers either alone or jointly with another or others.

13. In respect of all goods of which delivery shall not be taken by the buyers within 14 days after the due date the buyers agree to pay to the Company on demand annas eight per bale per month, or any part of a month for godown rent and annas four per bale per month or any part of a month for insurance calculated from the expiry of such period of 14 days to the date on which actual delivery shall be taken by the buyers.

14. If any goods while in the possession of the Company shall be destroyed and/or damaged from any cause whatsoever after the due date for delivery thereof to the buyers, any sum recovered from the insurance of such goods against such destruction and/or damage may be applied by the Company in satisfaction in whole or in part as the case may be of the price of the said goods plus interest and all charges and if the sum so recovered shall be less than the price of the said goods plus interest at 9 per cent. and all charges the buyers shall pay the difference to the Company on demand, and on the other hand if the sum so recovered shall be greater than the price of the said goods plus interest at 9 per cent. and all charges the Company shall pay the excess to the buyers on demand.

15. If the Company shall be unable to deliver the whole or any part of any goods sold for future delivery by the time specified for delivery thereof by reason of the mills working short time or its being expedient to stop the mills temporarily or by reason of fire, war, stoppage or hindrance in the supply of raw materials or fuel, explosion, accident, strike, riot, lock-out or other disorganization of labour or transport breakdown of machinery, or any inevitable or unforeseen event beyond human control directly or indirectly interfering, with the working or the full working of the mills, the buyers shall take delivery of such bales as the Company may be in a position to deliver (if any) and the time for completing the contract shall, as regards the bales not ready by the specified time, be extended for such time as the Company may reasonably require to make up for the delay caused by stoppage, hindrance to or interference with the working of the mills or any other events or circumstances before mentioned PROVIDED ALWAYS that should the inability to deliver in the

case of non-seasonal goods be continuous during the period of three consecutive English calendar months, and in the case of seasonal goods during the period of one English calendar month, then the buyers shall be entitled by notice in writing of their intention to do so, to cancel the contract in respect of any bales then remaining to be manufactured.

16. If for any reasons other than those mentioned in the last preceding clause any portion of the contract goods is not ready by the specified time it shall be lawful for the buyers at their option either to cancel the contract in so far as it relates to the balance of the goods not then ready for delivery, or to extend the time of delivery for such period as the Company may reasonably require, not exceeding one month, PROVIDED ALWAYS that if the buyers shall elect to cancel the contract it shall be incumbent upon them to give to the Company within 7 days after the due date for delivery of the goods not then ready notice in writing of their intention to cancel, and in default of such notice within the time aforesaid the buyers shall be precluded from cancelling the contract and the time for delivery shall be deemed to have been extended for such period as the Company may reasonably require, not exceeding one month, to make ready for delivery the balance of the goods then undelivered.

17. In any of the cases provided for in the last two preceding clauses the buyers shall not be entitled to make any claim for damages, allowance, compensation or otherwise in respect of such non-delivery or late delivery and shall pay for the goods delivered at contract rates, and in the event of the time for delivery being or being deemed to have been extended all the provisions of this contract shall apply equally to the extended time as the time originally specified including therein the remedies reserved to the Company for failure on the part of the buyers to pay for and take delivery of the goods when ready within the extended period and including the liability of the buyers for interest.

18. The buyers shall not be entitled to make any claim for an allowance or otherwise in regard to the condition of the goods when once the goods have left the mill premises or the godown, as the case may be of the Company, unless the buyers prove that the damage was done at the mills, and the claim is lodged within 14 days of the delivery of the goods.

19. The buyers shall not be entitled to make any claim for an allowance or otherwise on the ground that the goods delivered are not in accordance with the contract unless notice in writing of their intention to make such claim shall have been given to the Company within one calendar month after the date of actual delivery of the goods to the buyers or to a carrier or other agent on behalf of the buyers. In default of any such notice the goods delivered shall be deemed to be in all respects in accordance with the contract.

20. In the event of any goods the subject of this contract or any portion thereof being destroyed or so damaged by fire, water or other cause beyond the control of the Company as to render them unmerchable while stored at the mills or godowns of the Company pending due date of delivery, the contract in respect of such goods shall be deemed to have been cancelled by mutual consent and the buyers shall have no claim whatsoever against the Company in respect of such goods, but if the price of such goods shall have been then paid the buyers shall be entitled to a refund thereof.

21. All disputes and questions whatsoever which shall arise between the parties hereto out of or in connection with this agreement or as to the construction or application thereof or the respective rights and obligations of the parties hereunder or as to any clause or thing herein contained or any account or valuation to be made hereunder or as to any other matter in any way relating to these presents shall be referred to arbitration in accordance with the rules of the Mill-owners' Association, Bombay, for the time being in force regulating arbitrations with respect to piecegoods.

22. Notwithstanding any such reference to arbitration as aforesaid the buyers shall take delivery of the goods the subject of the reference and pay for the same as herein agreed and unless the arbitration award is to the effect that the goods under dispute are "no tender" the buyers shall be bound to accept the said goods on payment by the Company of the allowance (if any) awarded to the buyers. If, however, the arbitration award is to the effect that the goods are "no tender" the buyers shall be entitled to invoice back the said goods with any penalty the arbitrators may award.

23. Nothing appearing in the contract in any vernacular language, save only the name or signature of the buyer or his agent, shall be binding upon the Company.

RULES FOR THE ELECTION OF REPRESENTATIVES OF THE ASSOCIATION ON THE BOARD OF THE VICTORIA JUBILEE TECHNICAL INSTITUTE.

The Association is entitled to elect two members on the Board of the Victoria Jubilee Technical Institute so long as it continues to contribute not less than Rs. 2,000 per annum for the maintenance of the Institute.

1. Any member of the Association shall be eligible to act as Representative of the Association on the Board of the Victoria Jubilee Technical Institute.
2. The period of office of any elected Representative of the Association on the Board of the said Institute shall be one of three years. At the end of such period he shall retire but may be re-elected.
3. The appointment of the Association's Representatives shall be made at a general meeting of the Association and such Representatives shall *ex-officio* be members of the Committee of the Association.
4. In the event of the disqualification of any of the Association's Representatives under Section 9 or 10 of the Rules and Regulations of the said Institute, or in the event of the death or resignation of such Representative, or in the event of his ceasing for any reason to be a member of the Association, the Committee shall appoint a successor, who shall hold office up to that date at which the Representative whom he succeeds would, under Rule 2, have retired.
5. In the event of the absence of any of the Association's Representatives from three or more consecutive meetings of the Board, or in the event of any of the Association's Representatives applying for leave of absence, the Committee may, if they think fit and with the consent of the Board of the said Institute, appoint a substitute who shall hold office until the Representative whom he replaces resumes attendance or up to that date at which the Representative whom he replaces would, under Rule 2, have retired.

RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE BOARD OF TRUSTEES OF THE PORT OF BOMBAY.

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot-box shall be open from 10-30 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through any one duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy the above course shall be followed in the appointment of a substitute.
10. In the event of the temporary absence of a Representative of the Association on the Board of Trustees, necessitating the appointment of a substitute, such appointment shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.



RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE BOMBAY MILLOWNERS' ASSOCIATION TO SERVE ON THE BOMBAY MUNICIPAL CORPORATION.

1. Candidates shall be nominated in writing signed by one proposer and one seconder, who must be both members of the Association, and the nomination papers must be sent in to the Secretary fifteen clear days before the day fixed for the election.
2. The Secretary of the Association shall circulate the names of the applicants ten clear days before the election.
3. The Committee, in consultation with the Municipal Commissioner, shall appoint a day, which shall be duly advertised, upon which the balloting shall take place. The ballot box shall be open from 11 A.M. till 5 P.M. on that day.
4. Votes may be given either in person or through anyone duly authorized by a member of the Association, each subscribing member being entitled to one vote for every complete sum of Rupees Fifty paid by him as annual subscription to the Association.
5. The Committee shall appoint two Scrutineers, who, at 5 P.M. on the day of the ballot, shall open the box and declare the result.
6. The candidate who has the largest number of votes shall be declared duly elected.
7. In the event of an equality of votes preventing the due election of any of the candidates, the members of the Association shall vote afresh in the manner above laid down, the voting in such case to be confined to the candidates who have secured an equal number of votes.
8. In the event of only one candidate being duly nominated, the circulation of the name of such candidate and the ballot may be dispensed with, and the Committee may declare such candidate duly elected.
9. In the event of a casual vacancy, an appointment to fill such vacancy shall be made by a majority of the votes of the Committee of the Association at a meeting called for the purpose.

Sections of the City of Bombay Municipal Act, III of 1888, as subsequently amended, pertaining to the Election of Councillors by the Bombay Millowners' Association.

Section 6.

- (1) The Corporation shall consist of one hundred and seventeen Councillors, as follows :—

(i) Elected Councillors—

(a) One hundred and six Councillors elected at ward elections ;

(b) Four Councillors elected as follows :—

One by the Bombay Chamber of Commerce,

One by the Indian Merchants' Chamber and Bureau,

One by the Bombay Millowners' Association,

One by Fellows ;

(c) Four Councillors elected by delegates

(ii) Three *ex-officio* Councillors, namely :—

The Police Commissioner ;

The Executive Engineer, Presidency Division, Public Works Department, Bombay.

The Chairman of the Board of Trustees of the Port of Bombay.

Section 6.

- (1) [*Repealed by Act XVI of 1895.*]

(2) Councillors elected to succeed retiring Councillors shall come into office on the day for the retirement of the Councillors whom they are to succeed.

Section 7

(1) All elected Councillors shall retire from office at noon on the first day of April, three years after they take office, which day is in this Act referred to as the day for retirement.

(2) The term of office of an *ex-officio* Councillor shall continue so long as he holds the office by virtue of which he is such Councillor.

Section 8.

Any person who ceases to be a Councillor shall, unless disqualified, be re-eligible.

Section 15.

A person shall not be qualified to be elected to be a Councillor at an election by a Chamber or Association mentioned in sub-section (1) of Section 5 or at a Fellows' election, unless he is at the time of the election a member of that Chamber or Association or a person entitled to exercise the rights and privileges of membership on behalf and in the name of any firm, company or corporation registered as a member of such Chamber or Association or a Fellow, as the case may be, and unless, in the case of a Fellow, he has resided in the city for six months immediately preceding the date of the election.

Section 22.

(1) General Elections of Councillors shall be fixed by the Commissioner, subject to the provisions of Section 23, to take place triennially on such days in the months of January and February as he shall think fit.

(2) [*Repealed by Act XVI of 1895.*]

(3) Elections to fill casual vacancies shall be fixed by the Commissioner to take place on such days as he shall think fit, as soon as conveniently may be after the occurrence of the vacancies.

Section 23

The dates for all General Elections shall be fixed in the following order, and with the following intervals, namely :—
Firstly.—The Ward elections shall be fixed to take place simultaneously for all the Wards.

Secondly.—The day for the election by the Chamber or Association mentioned in sub-section (1) of Section 5 shall be fixed at an interval not exceeding twenty-one days after the day fixed for the Ward elections.

Section 31.

(1) An election of a Councillor by a Chamber or Association mentioned in sub-section (1) of Section 5 shall be made by the members of the time being of the said Chamber or Association, as the case may be, subject to the provisions of Section 15, in accordance with the rules made by the said Chamber or Association in this behalf.

(2) The Secretary to the said Chamber or Association shall make a return in duplicate to the Commissioner setting forth the name in full of every person so elected.

Section 32.

(1) The result of every election shall be declared by fixing, as soon as may be after the election, in some conspicuous place in the Chief Municipal Office, a notice certifying the names of the persons, if any, elected, and in the case of a contested election the number of votes recorded for each candidate.

(2) The said notice shall be signed in the case of a Ward election, and in the case of an election by Councillors, by the Commissioner, and in the case of an election by a Chamber or Association mentioned in sub-section (1) of Section 5, by the Secretary of such Chamber or Association, and in the case of a Fellows' election by the Registrar of the University of Bombay.

RULES FOR THE ELECTION OF A REPRESENTATIVE OF THE ASSOCIATION AS A FELLOW ON THE SENATE OF THE UNIVERSITY OF BOMBAY.

1. The Committee shall fix a day for a Meeting of all members of the Association for the purpose of electing a representative of the Association to serve as a Fellow on the Senate of the University of Bombay.
2. The Secretary of the Association shall notify all members of the Association of the date fixed for such meeting.
3. Candidates shall be nominated in writing duly proposed and seconded by members of the Association, and signed in each case by authorized representatives whose names have been duly entered in the List of Persons Eligible to Act and Vote maintained by the Association under Rule 13 of the Association's Rules and Regulations, and the nomination papers must be received by the Secretary at least ten clear days before the date of the meeting at which the election is to take place.
4. Nominations shall be sent to the Secretary on the prescribed form.
5. No nomination shall be valid unless the candidate proposed and seconded also signifies his assent to the nomination on the nomination paper.
6. In the event of there being only one valid nomination such candidate shall be deemed to have been elected by the members of the Association and the Committee shall thereupon declare that he has been duly elected.
7. The Chairman or in the event of his being a candidate or out of Bombay the Deputy Chairman shall determine whether nominations are valid or invalid. In the event of the Deputy Chairman also being a candidate or out of Bombay the Committee shall appoint a member of the Committee other than the Chairman or Deputy Chairman and not being himself a candidate to perform this duty and to preside at the meeting.
8. The Secretary shall if more than one nomination shall have been received by him notify to all members of the Association the names of all candidates duly proposed and seconded at least 7 clear days before the date fixed for the meeting.
9. The Chairman or in the event of his being a candidate or out of Bombay the Deputy Chairman or in the event of his also being a candidate or out of Bombay the member of the Committee appointed under Rule 7 shall take the chair at the meeting. He shall appoint two Scrutineers from among the members of the Committee present whose duty it will be to open the box at the end of the ballot, count the votes and declare the result.
10. Ballot papers with the names of the candidates shall be handed to the representatives of members while the ballot is open.
11. The ballot box shall be kept open in the room in which the meeting is held, for one hour from the time it is declared open by the Chairman of the meeting, for the reception of the ballot papers.
12. Votes shall be cast on the ballot paper and deposited in the ballot box.
13. In the event of a ballot paper being spoiled or torn, the member concerned may ask for a new ballot paper surrendering the spoiled or damaged paper.
14. Members shall cast their votes through their authorized representatives whose names have been duly entered in the List of Persons Eligible to Act and Vote maintained by the Association under Rule 13 of the Association's Rules and Regulations.
15. The quorum necessary at this meeting shall be two.
16. Each subscribing member shall be entitled to one vote for every sum of Rs. 50 paid by him as the annual subscription to the Association.
17. The candidate who has the largest number of votes shall be declared duly elected.
18. In the event of there being a tie, the Committee shall decide by a ballot at a meeting specially convened for the purpose, which of the candidates shall be deemed to have been elected by the members and shall thereupon declare that he has been duly elected.

